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TODAY:
LEISURE
The Year of the Weibull Page

Airbus Loses \$200 Million Because of Price War

Planemaker Seeks Ties With Mitsubishi for New Business in Japan

By Tom Buerkle
International Herald Tribune

LONDON — The global price war on commercial aircraft took its toll on Airbus Industrie last year, causing the European aircraft-building consortium to post an effective loss of about \$200 million, British Aerospace PLC, one of the consortium's four partners, said Thursday.

But the underlying health of Airbus was portrayed as relatively robust by British Aerospace, Europe's biggest

Boeing, after a loss, vows to impose self-discipline. Page 11.

arms maker, which reported a significant rise in profit on its Airbus work because of a 20 percent increase in aircraft deliveries.

British Aerospace said that despite good sales, Airbus had been hit by intense competitive pressures and, "as a result of these pressures, incurred an operating loss in 1998."

Separately, Airbus confirmed that it was holding discussions with Mitsubishi Heavy Industries Ltd. of Japan and other companies to supply parts for some of its aircraft, a move that could sharpen its competition with Boeing.

A link could help Airbus increase sales in Asia and eventually lead to Mitsubishi taking a share of the risk in developing a 600-seat jumbo jet that Airbus hopes to introduce in 2005, industry executives and analysts said.

Mitsubishi currently supplies parts, including doors and tail cones, to Boeing.

In London, British Aerospace executives also defended their recent £7.8 billion (\$12.32 billion) acquisition of Marconi Electronic Systems. John Weston, chief executive of British Aerospace, said the enlarged group's size and breadth of expertise left it well placed to play a leading role in future defense consolidation.

But Mr. Weston said he was "a little surprised" by the negative U.S. reaction to the deal, which appears to have dealt a setback to British Aerospace's hopes of finding an American partner.

John Hamre, a U.S. deputy defense secretary, said last week the merger was "very damaging" to the prospects of trans-Atlantic defense cooperation.

He also acknowledged that the deal had postponed the prospect of a merger with the leading German and French aerospace groups, although they said they would pursue closer ties with other European companies such as Alenia of Italy and Saab, the Swedish aircraft maker in which British Aerospace holds a 35 percent stake.

There's real scope for doing some other business in Europe," Mr. Weston said.

British Aerospace said it incurred an operating loss of £25 million last year through its 20 percent share in Airbus, which implies an operating loss of £125 million for the consortium. Airbus is a loose grouping of economic interest under French law and does not report earnings itself.

Under that structure, Airbus faces a squeeze because it buys parts from its

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A soldier of the Kosovo Liberation Army standing guard near Pristina on Thursday.

NATO Troops Move Closer To Kosovo to Counter Serbs

Milosevic Is Warned Against Launching Offensive

By Joseph Fitchett
International Herald Tribune

PARIS — NATO moved forces closer to Kosovo on Thursday after U.S. intelligence reported that Serbian troops, backed by scores of tanks, were massing just across the border.

That position would enable the Serbs, if they chose, to launch a lightning offensive against ethnic Albanian guerrilla strongholds in northern Kosovo if peace negotiations fail — or possibly even during the recess in the talks.

Warning President Slobodan Milosevic of Yugoslavia not to take military advantage of the pause in peace diplomacy, both Secretary of State Madeleine Albright and General Wesley Clark said that the North Atlantic Treaty Organization was ready to retaliate if the Serbian forces struck.

In Washington, the Pentagon spokesman Ken Bacon said, "We don't know why they have moved these troops or exactly what they plan to do with the troops which they have marshaled around the borders of Kosovo."

But, he said, "What is most important is that

the troops show restraint. It is the conduct of the troops which is much more important than the number of the troops at this stage."

The threat of NATO air strikes remained in effect, a senior French official said, in Paris, explaining that the alliance would respond against any "flagrant violation" of Mr. Milosevic's promises in October to curb Serbian military actions in Kosovo and respect ceilings on his forces there.

General Clark, the NATO military commander, said in a speech in Spain that the alliance's reinforcements were arriving in Macedonia. From there, they could enter neighboring Kosovo in a peacekeeping role — an idea rejected by the Serbs — or as a rescue force if international verifiers were in danger.

Heavy tanks belonging to the British units designated to command peacekeeping forces started unloading Thursday in the Greek port of Salonika to be driven to Macedonia. NATO has a French-led force of 1,800 men there. In addition, more than 2,000 U.S. troops are there

See KOSOVO, Page 4

U.S. Senate Assails China On Human Rights Abuses

By Brian Knowlton
International Herald Tribune

WASHINGTON — Amid already strained U.S.-Chinese relations, the Senate voted Thursday, 99-0, to urge President Bill Clinton to sponsor a resolution condemning China for human rights abuses when the UN Human Rights Commission meets next month in Geneva.

The resolution, placed high on the Senate agenda by the majority leader, Senator Trent Lott of Mississippi, came as Secretary of State Madeleine Albright was preparing to leave for China on a visit with a long and contentious agenda.

"It's important for our secretary of state to have that message when she goes to China," said Senator Tim Hutchinson, Republican of Arkansas. Mrs. Albright told a House committee Thursday that she would bring to China "a strong message of support for international norms of respect for human rights," which she said would "come as no surprise to Beijing."

While acknowledging "sharp differences" with Beijing, however, she reiterated the U.S. policy that the relationship with the world's most populous country was too important to be held hostage to any single issue. And she praised China for "positive steps" against weapons proliferation and toward economic reform. Beijing had played "a responsible role during the Asia financial crisis," she said. "We need to recognize progress even as we press for more."

The bipartisan vote adds to a growing wave of international protest over Chinese rights practices. Beijing began a sharp crackdown on its political foes late last year, arresting dissidents and Roman Catholic priests, moving to crush the newly forming China Democracy Party, and blocking some Internet communications.

Senator Paul Wellstone of Minnesota, the leading Democratic sponsor, said, "The Chinese government continues to commit widespread abuses, and since the president's visit in June, has taken actions that flagrantly violate the commitments it has made to respect internationally recognized human rights."

The vote is not legally binding. Last year Mr. Clinton ignored a similar call from Congress. But Mr. Hutchinson, Mr. Wellstone and other legislators said it would make an important statement to the government in Beijing and provide comfort to dissidents.

Mrs. Albright has complained frequently about Chinese rights practices. Last month she said the administration was "profoundly distressed" by the recent arrests of dissidents.

She strove again Thursday, however, to paint the relationship as one too important and complicated to reduce to simple issues.

"Clearly, it is a multifaceted relationship that some parts of which work and some do not," she told the House International Relations Committee.

Mr. Clinton's visit to China in June was seen as a public relations success, temporarily warming the relationship. But within months, tensions were re-emerging over rights issues and the steadily growing U.S. trade deficit with China, the United States' largest.

Earlier this month, Taiwan charged that China had deployed more than 100 new ballistic missiles in areas close to the Taiwan strait. That followed discussion in Washington of bringing Taiwan and other parts of Asia under a U.S. missile-defense program.

Mrs. Albright, asked during congressional testimony about the upcoming Geneva meeting, said that the administration had not decided whether to offer a resolution condemning China. Mr. Clinton did not pursue a similar resolution last year, in part because of his planned visit to China in June, and because Beijing had promised changes in some policies.

See SENATE, Page 4

Beijing Blasts U.S. for Ban on Satellite Deal

It Warns of 'Negative Effect' On Trade Between Countries

By Michael Laris
Washington Post Service

BEIJING — The government Thursday blasted the Clinton administration for its "groundless" decision to block the \$600 million sale of telecommunications satellites to a Chinese-led consortium, saying the move would have a "negative effect" on trade ties between the two nations.

An official at China Telecommunications Broadcast Satellite Corp., the main Chinese partner in the Singapore-based telecommunications venture that had ordered the satellites, declined to say where the group would place its new orders for satellites.

American industry officials said they assumed one of several competing European companies would seize the opportunity to sell the satellites needed for the wireless telephone network.

The Clinton administration said the decision to reject the sale of the Hughes Electronics Corp. commercial satellite, initially approved in 1996, came after Asia-Pacific Mobile Telecommunications, the Singapore-based consortium, took on more Chinese investors with direct links to the Chinese military.

The latest dispute with China comes with Secretary of State Madeleine Albright set to arrive in Beijing on Monday for talks with Chinese leaders as part of an effort to improve a Chinese-American relationship that has slipped backward after President Bill Clinton's summit meeting here last June. That trip was widely hailed at the time by

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Help Wanted: Envoy to China For Superpower

By Elizabeth Becker
New York Times Service

WASHINGTON — The Clinton administration has been unable to persuade two high-profile former members of Congress to accept a nomination as ambassador to Beijing, a sign of the daunting challenge of managing the deteriorating U.S.-China relationship.

It is also a sign of the weakening condition of a president in the second half of his last term.

At a time when Congress is investigating China's acquisition of U.S. military secrets, questioning China's exploding trade surplus with the United States and criticizing Beijing's human rights record, the administration's overtures for the ambassadorship have been rejected by at least half a dozen candidates.

Former Representative Lee Hamilton, an Indiana Democrat who retired last year after a 34-year career in Congress during which he mastered foreign affairs in general and Asia in particular, was asked to take the post, according to administration officials and friends.

But he begged off and chose, instead, to remain as head of the Woodrow Wilson Center, a Washington policy institute.

Former Senator Dale Bumpers, Mr. Clinton's long-time Arkansas friend who offered oratory in defense of the president during the Senate's impeachment trial, turned down the tentative job offer, choosing instead to

See ENVOY, Page 4

Jury Sets Death Penalty in Texas Racial Killing

Compiled by Our Staff From Dispatches

JASPER, Texas — A 24-year-old white supremacist was sentenced to death Thursday for murdering a black man by chaining him to a truck and dragging him along a country road.

John William King will become the only white person on death row in Texas condemned for killing a black person.

The 11 white jurors and their black foreman took just under three hours to render the decision, about the same time as they took to find Mr. King guilty on Tuesday. They convicted Mr. King of capital murder in the June death of James Byrd Jr. After the sentencing decision was read Thursday,

Mr. Byrd's family members wiped their eyes but declined District Judge Joe Bob Golden's offer to address Mr. King.

As Mr. King was led from the courthouse, he was asked if he had anything to say to the Byrd family. He responded with an obscenity.

Prosecutors asked for the maximum punishment, saying Mr. King would be a menace even behind bars.

"By giving Mr. King a life sentence, you're giving him at least 40 years to catch a black guard, a black nurse, a black doctor, a Jewish guard, a Jewish nurse, a Jewish doctor, or anybody else," Pat Hardy, the prosecuting attorney, told the jury.

In deciding the sentence, jurors had to weigh whether the murder was intentional, whether Mr. King was a continuing threat to society, and if any mitigating factor merited the lesser punishment of life in prison.

They answered yes to the first two questions; no to the third.

Mr. Byrd, 49, died after he was picked up while walking home from a party. After a scuffle, he was pulled nearly three miles behind a pickup truck, chained by his ankles.

Two other men, Shawn Berry, 24, and Lawrence Brewer, 31, are awaiting trial in the killing of Mr. Byrd. (AP, AFP)

Amid Avalanche Tragedy, a Couple of Miracles

Compiled by Our Staff From Dispatches

LANDECK, Austria — More than a dozen bodies were found in the snows of Alpine avalanches on Thursday, but in Austria and France rescuers were able to report unlikely success: A 4-year-old boy who had been thought dead suddenly revived, and three skiers who had been trapped for nine days in a makeshift igloo 3,000 meters up were lifted to safety by helicopters after a weak signal from their fading cell phone was traced by France Telecom.

After being buried in snow for two hours, the boy was dug out by a trained dog in the Austrian hamlet of Valzur. Although the boy, who was not identified, had no circulation when he was found, he was resuscitated by doctors and taken to a hospital in the town of Zams.

"When he arrived at the hospital, he even smiled a little," a surgeon, Alois Schranz, told the Austrian Press Agency. The boy was said to be communicating with medical workers.

The three rescued French skiers were in good condition. With help, Christophe Palichie, a 38-year-old engineer, and two brothers, Olivier and Philippe Bourgues, both in their 30s, emerged from helicopters in the town of Pralognan walking and smiling.

"They are all a bit weak, but they stood up very well," said Lieutenant Julien Boyer of the police. The men ran out of food five days ago and weathered constant arctic conditions. Doctors at the Savoy resort of Moutiers said after examining the



One of the three men who survived in an igloo being helped by rescuers Thursday in Pralognan.

The Dollar		
New York	Thursday @ 4 P.M.	previous close
Euro	1.1043	1.1000
Pound	1.6041	1.5965
Yen	119.775	121.57
DM	1.7714	1.7881
FF	5.9411	5.9828
Dollars per pound and per euro.		
The Dow		
	Thursday close	percent change
↓	-33.33	-0.35%
S&P 500		
↓	-8.38	-0.67%
Nasdaq		
↓	-12.53	-0.54%

Newsstand Prices		
Andorra	10.00 FF	Libanon 11.3.000
Antilles	12.50 FF	Morocco 16 Dh
Cameroon	1.600 CFA	Oman 10.00 QR
Egypt	25.50 FF	Russia 12.50 FF
France	10.00 FF	Saudi Arabia 10 SR
Gabon	1.100 CFA	Senegal 1.100 CFA
Italy	3.000 Lire	Spain 250 Ptas
Ivory Coast	1.250 CFA	Tunisia 1.250 Din
Jordan	1.250 JD	U.A.E. 10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.) \$1.20

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AGENDA

Turkey Seeks Ban On Kurdish Party

ISTANBUL (NYT) — A senior prosecutor has asked the Constitutional Court to prevent the country's pro-Kurdish political party from participating in national elections scheduled for April.

The prosecutor, Vural Savas, has been asserting for months that the party, People's Democracy, works secretly with guerrillas loyal to Abdullah Ocalan, the rebel leader who was captured two weeks ago in Kenya and is now under heavy guard in a Turkish prison. He was allowed to see defense lawyers Thursday for the first time since his arrest.

Leaders of the party have long denied that it is connected to the guerrilla movement.

The case is not likely to be decided before the elections.

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Job-Seeking/100 Million Chinese on the Move

'No Papers' Life Brings Folding Money to Rural Migrants

By Elisabeth Rosenthal
New York Times Service

BEIJING — Standing on a sidewalk amid a small mountain of suitcases and gifts, Wu Liuyi mentally girded herself to board the rickety, unheated bus that would deliver her, two and a half days later, to her home and preteen daughter near the southeastern city of Wenzhou.

Inside, two tiers of reclining seats already were crammed with the blankets, coats and food of three dozen other passengers heading home for Chinese New Year.

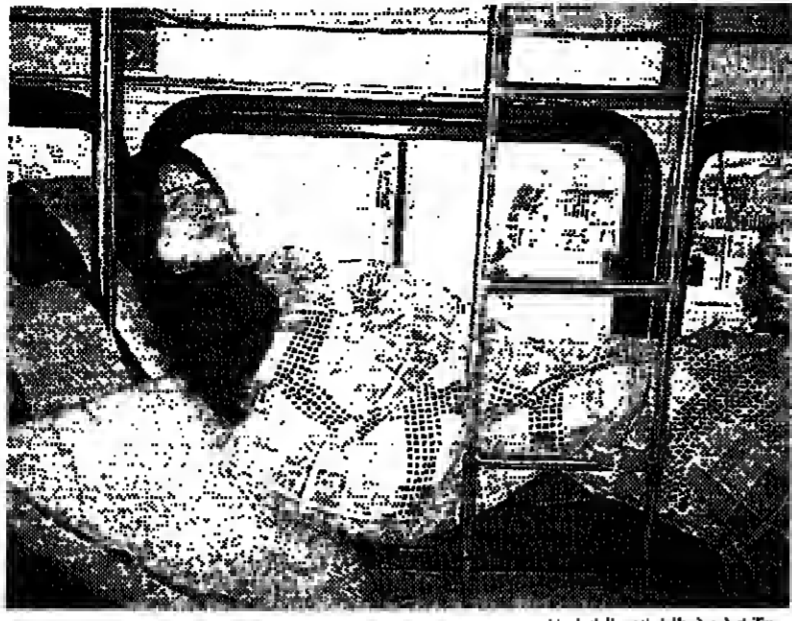
Miss Wu, who owns a small leather workshop in Beijing, seemed ill-suited for the journey in a blue blazer and black heels. But ever since she and her husband left their farming village in Zhejiang Province for factory work in Beijing in 1992, this daunting pilgrimage from the place where they live to a distant "home" has become a family routine.

"What can you do?" she said, herding her 7-year-old son to the bus. "I have to see my daughter, and I'm taking my son home to start school this year."

China is on the move these days, with an estimated 10 percent of the population now migrating from their official place of residence, mostly in search of better jobs. Legions of young Chinese are moving one step up the job chain: Those from tiny villages move to small cities, and those from small cities move to larger ones.

But rural migrants such as Miss Wu remain outsiders in the city, with little hope of securing the coveted urban residence permits that would allow them to build an entirely legal life in their new places.

Registered at birth as residents of



Wu Liuyi settling in for the trip back to her 'home,' two and a half days away from Beijing, where she lives and works.

rural towns, they remain off the books in cities such as Beijing, where housing, education and other social benefits are mostly state-controlled. Thus, they are not eligible for most government jobs or housing subsidies, pay steep prices to enroll children in the few public schools that admit them, and cannot even register a car or bicycle.

The government allows relatively few Chinese to change their official residence each year, and most of these are well-educated people moving for government jobs or marriage.

Significant numbers of Chinese have been leaving their villages only

since 1984, when the government eased somewhat its residency system, allowing people to travel for temporary jobs. The trend has snowballed in recent years for a variety of reasons, including improvements in transportation and communications, the emergence of privately owned factories, and a growing surplus of rural labor.

And every Chinese New Year, most of these 100 million migrants return to their hometowns, producing what Chinese demographers call the largest seasonal migration in the world.

The rural migrants have become a fixture in Chinese cities: ragged men

clutching hammers around construction sites and women selling snacks at street stands. They are a vast new pool of cheap labor that has allowed urban factories to prosper.

Most of the migrants are between 18 and 35 and have a junior-high education. They tend to work at unskilled, low-wage jobs in the private sector. Their movements have helped fuel economic growth in recent years, as businesses and unskilled laborers have become increasingly willing and able to follow market demands.

"The changes have made it much easier for us to hire people from across the country, and that has allowed us to expand our business," said Joseph Chen, the owner of a button factory in Qiaotou on the outskirts of Wenzhou.

Job agencies have sprung up to channel labor across this vast nation, but word-of-mouth often guides the flow. Xu Bin, who works in a badge factory in Wenzhou, said he had gotten his job through an employment agency in Boyang, his hometown in Jiangxi Province.

"Five years ago, a few people from my town came, and now a lot more have followed," he said. "Everyone at home knows that this area has developed quickly."

Luo Lichun, who was tending vats of dye at another Qiaotou button factory, said she would have been unemployed in her poor farming town in Sichuan Province. "A friend came home and told me there was good work here," she said. "So I came."

In the city, the migrants often do piecework in small factories working more than 12 hours a day. They live together in the backs of workshops, small apartments or spare dormitories. One study of a migrant community in Beijing estimated the average living space at less than 2.1 square

meters (2½ square yards) per person. Many migrants said living conditions were far better at home. For most, the goal is simply to earn money to take home, in part because they retain strong ties to their villages and in part because of the residence-permit problems. But they also seek job experience and adventure.

"I work seven days a week," said Li Feigian, from Sichuan Province, as she prepared to venture out from her workshop into the streets of Beijing. "But I came because it was a new opportunity to see the world."

THE PRESENCE OF the migrant workers is transforming urban life, mixing distinct regional cultures but also giving rise to a rootless underclass.

Chinese cities have been strained by the massive influx and the social troubles it is supposed to have spawned: more crime, beggars and cases of sexually transmitted disease.

In the early 1990s, Beijing tried repeatedly to expel the residents of "Zhejiang Village," a chaotic jumble of workshops and stalls in south Beijing where most migrants from the Wenzhou area, including Miss Wu, live. But each time, leather workshops, day-care centers and pungent markets selling dried shrimp, yellow wine and other Wenzhou delicacies popped back up within months.

Today, the government seems to have made peace with the city-within-a-city that has become home to 100,000 people.

"They're figuring out ways to administer it rather than suppress it," said Dai Jianzhong, a sociologist at the Beijing Academy of Social Sciences. "Through licenses and rent, the area generates a lot of income for Beijing."

Bills Unpaid, Cuba Cuts Off U.S. Phones

Compiled by the Staff from Reuters

HAVANA — Most telephone service between Cuba and the United States was cut early Thursday because of lack of payment by American companies to Cuba's phone company.

The American companies have been withholding funds since December pending a federal court case against the Communist nation involving relatives of four Cuban-Americans who were killed when two unarmed aircraft were shot down by MiG jets north of the island on Feb. 24, 1996.

The action, which affects five of the seven Cuban-U.S. telephone circuits in operation, is certain to hit the busy telephone traffic between Cubans on the island and their relatives in the United States. Many of those divided families rely on phone calls as their only form of contact.

The cutoff also restricts communications for foreign embassies and companies based in Cuba, and it represents another aggravation in the tense bilateral relations between the two countries.

Service was cut off just after midnight. Cellular service also was interrupted.

Callers attempting to reach the United States instead got a recorded message saying that lines were congested and asking them to call back later.

Some calls did get through after the deadline passed, apparently because they were rerouted through third countries or onto Sprint Corp. telephone service, which was not affected.

Nevertheless, some delays or disruptions were expected to continue.

Cuba's Foreign Ministry announced last week that it supported the decision by Empresa de Telecomunicaciones de Cuba SA, known as ETECSA, to cut service to the U.S. companies: AT&T Corp., MCI WorldCom Inc. and IDB Holding Corp.

Service to Sprint and a company in Puerto Rico was maintained because both have continued to pay their bills, the Cuban government said last week.

In Florida, an AT&T spokesman said the company was making alternate arrangements to enable its customers to call into Cuba.

AT&T was urging callers to continue dialing as normal to Cuba, but to expect some delays or disruption in service.

In 1997, a federal judge in Miami awarded a \$187 million judgment to the relatives of the Cubans who were shot down. Since then, they have tried unsuccessfully to collect the money from the Cuban government.

They were spurned in an effort to recover the funds from Cuban assets frozen in the United States. They then sought to tap into the money being paid by the U.S. telephone companies for long-distance calls from the United States to Cuba. That amounted to an estimated \$60 million to \$70 million in 1997.

The State Department has opposed the families' case, which is being heard in U.S. District Court.

A State Department spokesman, James Foley, said this week that the telecommunications payments could not be seized because the Cuban telephone company was a separate entity from the government and was not legally responsible for the debts. (AP/Reuters)

Nigerians Cut Deals on Election Eve

By Norimitsu Onishi
New York Times Service

ENUGU, Nigeria — Nigerian politics is split by hard ethnic differences and held together by fragile alliances, short on ideology and long on ambition.

Days before Nigerians vote on Saturday to elect the man who will preside over the country's first civilian government in 16 years, deals are being cut. Maybe in no place is the maneuvering going on more furiously than here in southeastern Nigeria, which has become the battleground for the presidency.

Consider the suddenly shifting fortunes of the Alliance for Democracy, one of the three parties in Nigeria, Africa's most populous country.

A big loser in earlier elections in the last two months,

the party won most of Enugu State in legislative races last Saturday. The rival, dominant party's choice of a presidential candidate from outside the region reopened an old wound in the country's complex history of ethnic rivalries.

It was a wound that politicians for the Alliance for Democracy were toiling to deepen before the presidential election. Feeding on the region's long sense of ethnic rivalry, the party's best, and maybe only, chance to win the presidency.

Ensnared in a throne-like chair at the Alliance for Democracy's headquarters here, Arthur Nwankwo, the head of the party in the southeastern states, received a stream of

reports that made him ebullient on Sunday, including one from a party agent from a neighboring state.

"The mood of the people is outrage, outright anger," the agent said.

"So you are exploiting that one?" Mr. Nwankwo said.

"Very much," he said. "What Mr. Nwankwo and fellow members of the Ibo ethnic group here exploited was anger that one of their own, Alex Ekwueme, a former vice president, had been rejected by the leading People's Democratic Party."

Instead, the party chose General Olusegun Obasanjo, 61, a Yoruba from the southwest who is popular with Nigeria's third main ethnic group, the Hausa-Fulani in the north. Twenty years ago, he became the country's first military leader to give up power voluntarily, winning respect here and abroad.

The Alliance for Democracy and another group, the All People's Party, have joined forces by presenting a common presidential candidate, Olu Falae, 60, a former finance minister and a Yoruba from the southwest. It is a union of two parties that share almost nothing except a desire to win the presidency — what Mr. Nwankwo described as "an unholy alliance."

"It's a pragmatic alliance, not an unholy alliance," corrected an official who said he was not Mr. Nwankwo's political consultant but cheerfully kept giving him advice. The election follows one of the most tumultuous periods in the history of Nigeria, which has been ruled by the military for all but 10 years since gaining independence from Britain in 1960.

Since the death of its long-time dictator, General Sani Abacha, in June, the country has opened up politically through reforms put into place by General Abdulsalam Abubakar. The military has promised to transfer power to a civilian government on May 29.

The People's Democratic Party of General Obasanjo, which has the best-oldest political machine and the backing of powerful retired military officers, swept the earlier elections, including this region.

But over last weekend, in Enugu State, it lost all three Senate seats and won only three of the eight races for the House of Representatives.

The Alliance for Democracy and the All People's Party also made some inroads in the other Ibo states.

"We all hoped that Ekwueme would come up as president, so we are disappointed," said Silvanus Amadi, 62, a businessman who previously backed General Obasanjo's party.

None of the presidential or vice-presidential candidates is Ibo, but Mr. Amadi said he took consolation in the possibility that Ibo voters might decide the election.

The military has ruled for so long without achieving anything, he said. The country is like stagnant water, not moving forward, not moving backward. And now the people from the southeast are going to decide who is going to rule this country.

Political leaders are tapping into a national anti-military mood by portraying the People's Democratic Party as the party of the military and an Obasanjo presidency as a continuation of military rule.

"For the military to do what they did to an Ibo man is a signal to the Ibo that the Biafra war is not finished," Mr. Nwankwo said, referring to the civil war in the late 1960s during which the Ibo tried to secede from Nigeria. The message appeared to be resonating Saturday among voters who had solidly voted for the People's Democratic Party just a few weeks ago.

"The military has been looting Nigeria for years," said Chijioke Nwankwo, 34, a construction contractor who is not related to the party official. "Look at all the billions of naira Abacha stole. Is that not madness? That's madness! If a military man like Obasanjo is elected, he will protect them. It will be a military democracy."

FBI Chief Says Pacific Events Could Be Terrorist Targets

Reuters

WELLINGTON — Louis Freeh, director of the U.S. Federal Bureau of Investigation, said Thursday that New Zealand and the South Pacific presented "targets of opportunity" for terrorist attacks during upcoming high-profile events.

"Events include a meeting of Asia-Pacific leaders in September in Auckland, New Zealand, expected to be attended by President Bill Clinton, and the Sydney Olympic Games in 2000."

"I think that you could categorize it as a target of opportunity," Mr. Freeh said. "In the sense that although there may not be an infrastructure here for a group that would plan and be capable of carrying out an attack — that was also the case in East Africa."

U.S. embassies in Kenya and Tanzania were bombed in August result-

ing in the deaths of more than 250 people. Osama bin Laden, a Saudi dissident, is accused by the United States of masterminding the attacks from his base in Afghanistan.

The FBI chief, speaking at a joint briefing with the New Zealand police commissioner, Peter Doone, said the risk in New Zealand was not significant, but that the bureau always planned as if an attack was imminent at such high-profile events.

"We are confident that any head of state or anyone else coming here, particularly in an official capacity, will be well protected," Mr. Freeh said after talks with senior police and security chiefs.

Mr. Freeh said that although there could be attacks here, there were clear disadvantages, including the difficulty of escaping from an island nation such as New Zealand.

TRAVEL UPDATE

Help for Mobile Satellite Phones

WASHINGTON (AP) — Federal regulators were moving forward Thursday on a plan that would protect Americans with mobile satellite phones from having them confiscated or subject to hefty duties when they travel to other countries.

The Federal Communications Commission plans to let a U.S. company obtain its approval for equipment without also having to get similar approval from countries where the phones will be used. A number of countries — including all members of the European Union, Japan, South Korea, Canada and Kenya — have agreed to honor U.S. equipment authorizations, while the United States will honor theirs.

Smog Is Heavy in Hong Kong

HONG KONG (AP) — A blanket of smog enveloped central Hong Kong on Thursday as air pollution hit a record

high for 1999. The roadside air pollution index, which tracks nitrogen dioxide levels, registered 134, a level at which people with heart or respiratory illnesses are advised to avoid places with heavy traffic and to reduce physical exertion.

The smog was mostly auto diesel fumes, which stayed in the air because there was little wind, the government said.

... And the Airport There Is Costly

HONG KONG (AP) — The high cost of using Hong Kong's new airport poses a threat to the territory's competitive edge as a regional aviation hub, an airline official said in remarks published Thursday.

Philip Chen, chief operating officer of the Hong Kong flag carrier, Cathay Pacific Airways, said in an article in the airline's in-house newspaper that the new airport was the third most expensive airport in the world, after Japan's Kansai and Narita, because of charges levied on airlines. He said it was 64 percent more expensive than the old airport in Kowloon.

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	64-72	61-68	73-81	65-73	62-69	74-82
Andorra	64-72	61-68	73-81	65-73	62-69	74-82
Austria	64-72	61-68	73-81	65-73	62-69	74-82
Belgium	64-72	61-68	73-81	65-73	62-69	74-82
Bulgaria	64-72	61-68	73-81	65-73	62-69	74-82
Croatia	64-72	61-68	73-81	65-73	62-69	74-82
Czechia	64-72	61-68	73-81	65-73	62-69	74-82
Denmark	64-72	61-68	73-81	65-73	62-69	74-82
Estonia	64-72	61-68	73-81	65-73	62-69	74-82
Finland	64-72	61-68	73-81	65-73	62-69	74-82
France	64-72	61-68	73-81	65-73	62-69	74-82
Germany	64-72	61-68	73-81	65-73	62-69	74-82
Greece	64-72	61-68	73-81	65-73	62-69	74-82
Hungary	64-72	61-68	73-81	65-73	62-69	74-82
Ireland	64-72	61-68	73-81	65-73	62-69	74-82
Italy	64-72	61-68	73-81	65-73	62-69	74-82
Latvia	64-72	61-68	73-81	65-73	62-69	74-82
Lithuania	64-72	61-68	73-81	65-73	62-69	74-82
Malta	64-72	61-68	73-81	65-73	62-69	74-82
Netherlands	64-72	61-68	73-81	65-73	62-69	74-82
Norway	64-72	61-68	73-81	65-73	62-69	74-82
Poland	64-72	61-68	73-81	65-73	62-69	74-82
Portugal	64-72	61-68	73-81	65-73	62-69	74-82
Romania	64-72	61-68	73-81	65-73	62-69	74-82
Slovakia	64-72	61-68	73-81	65-73	62-69	74-82
Slovenia	64-72	61-68	73-81	65-73	62-69	74-82
Spain	64-72	61-68	73-81	65-73	62-69	74-82
Sweden	64-72	61-68	73-81	65-73	62-69	74-82
Switzerland	64-72	61-68	73-81	65-73	62-69	74-82
Turkey	64-72	61-68	73-81	65-73	62-69	74-82
Ukraine	64-72	61-68	73-81	65-73	62-69	74-82
United Kingdom	64-72	61-68	73-81	65-73	62-69	74-82
Yugoslavia	64-72	61-68	73-81	65-73	62-69	74-82

Forecast for Saturday through Monday, as provided by AccuWeather



Legend:

- Unseasonably Warm
- Unseasonably Cold
- Unseasonably Wet
- Unseasonably Dry
- Rainy Day
- Snowy Day

North America
Showers and thunderstorms will fire up across the central and southern Plains on Saturday. A few flurries will cross northern New England, while the Northwest temporarily dries out. Sunny and dry across Toronto, New York and Washington D.C. on Saturday.

Europe
Cloudy and mild across Paris and London with a shower or two on Saturday. Snow and flurries will move across central and southern Scandinavia Saturday, while showers and thunderstorms will fire up across northern Morocco and southern Spain. Sunny and dry across Italy.

Asia
Rain and drizzle will drench sections of southern China on Saturday. Mostly cloudy with showers across Cape Saturday, where gusts will be hot and sticky with a showery thunderstorm.

THE AMERICAS

New Political Reality in Capital: The Sensational Is Merely Old Hat

By John F. Harris
Washington Post Service

WASHINGTON — President Bill Clinton, in a news conference that reflected the bizarre atmosphere in Washington, fielded questions for 51 minutes with his visitor, President Jerry Rawlings of Ghana, in a session that at times seemed almost farcically scripted.

In the first question Wednesday, the president was asked if he wished to respond to news reports about an Arkansas woman accusing him of sexual assault in the 1970s.

Sensationalism in Washington, now just routine, was reflected further Wednesday evening with the broadcast by NBC of an interview with the woman, who alleged that she was assaulted by Mr. Clinton in 1978 when he was state attorney general in Arkansas.

And leaks continued of Monica Lewinsky's first television interview next

week, with the former intern quoted as saying she wanted to apologize to the nation for the ordeal caused by her affair with the president.

The exchanges between Mr. Clinton and the press corps offered some vivid glimpses into Washington political reality in the wake of the impeachment drama. What once would have been a sensational event — a president being quizzed about lurid sexual allegations — has become somehow nearly old hat after a year of the Lewinsky scandal.

Mr. Clinton curtly referred Helen Thomas of United Press International, the dean of the White House press corps, to a statement from his lawyer when she asked, obliquely, about the allegations leveled recently by an Arkansas nursing home owner, Juanita Broadrick. She alleged that he forced her to have sex in a hotel room in 1978.

But the exchange that White House aides had been nervously awaiting

barely caused a ripple.

The day also showed how quickly Mr. Clinton's agenda, at least as measured by the questions he receives, has returned to more conventional subjects.

■ Lewinsky's TV Interview

Howard Kurtz of The Washington Post reported:

In an interview with ABC's Barbara Walters, Monica Lewinsky said she wanted to apologize to the nation for the year-long ordeal caused by her affair with the president, and she was asked whether she was still in love with Mr. Clinton.

No, she said, but there were times she still felt kind of warm toward him, according to a source who was there.

At other times, she said, she realized that this was not the person she was in love with. It was another person. It was a politician.

Highlights of Ms. Lewinsky's three-hour interview session with Ms. Walters

were provided to The Washington Post by a source who was present at the interview Saturday at ABC's Manhattan studios. The interview will be shown on ABC's "20/20" program on Wednesday.

The former White House intern was described as candid, direct and at times emotional and teary-eyed, part of a compelling performance that persuaded ABC executives to expand the "20/20" broadcast to two hours. The source provided a detailed reconstruction that stopped short of a verbatim account.

Meanwhile, an emotional Juanita Broadrick told her story on national television for the first time Wednesday night. She did not tell authorities 21 years ago of her contention that Bill Clinton sexually assaulted her because, she said, "I didn't think anyone would believe me in the world."

In an account punctuated by sobs, the Arkansas woman told "Dateline NBC" that in her Little Rock, Arkansas, hotel

room, Mr. Clinton suddenly "turned me around and started kissing me, and that was a real shock."

"I first pushed him away," she said, "and just told him 'no.'"

"The second time he tries to kiss me, he starts biting on my lip," she said.

"And then he forces me down on the bed. I just was very frightened, and I tried to get away from him and I told him 'no.' She added, "He wouldn't listen to me."

She continued: "He was such a different person at that moment. He was just a vicious, awful person."

But Mrs. Broadrick could not remember the date, even the month, of the alleged 1978 incident. And NBC's Lisa Myers reported that Mrs. Broadrick, who was a volunteer in Mr. Clinton's first gubernatorial campaign, attended a Clinton fund-raiser three weeks later.

"I think I was still in denial," Mrs. Broadrick said. "I still felt very guilty at that time, that it was my fault. By letting him come to the room, I had given him the wrong idea." The next year, she acknowledged, she accepted a Clinton appointment to a nonpaying post on a state advisory board.

Senators Advised to Avoid Haste on Counsel Law

By Lizette Alvarez
New York Times Service

WASHINGTON — With the Senate apparently poised either to scrap or strip back the independent counsel law, Howard Baker, a former Republican Senate majority leader, has counseled senators to take a post-impeachment cooling-off period and delay the decision until next year.

"I recommend to the Senate and this committee that we cool it, think about it for a while, let the temper of these times soften," Mr. Baker told the Senate Committee on Governmental Affairs, which had its first day of hearings on the law on Wednesday.

Mr. Baker, who has been sharply critical of the law and once called it a "fourth branch of government," suggested that Congress permit the law to expire on June 30 and take up the issue

next session. The former senator, who voted in the 1970s to create the law, pointed out that it had lapsed for two years, from 1992 to 1994, with no dire consequences.

It would be a mistake to rush headlong into a decision with the passions over impeachment still fresh, said Mr. Baker, who was President Ronald Reagan's chief of staff while an independent counsel, Lawrence Walsh, was investigating the Iran-contra affair concerning secret U.S. government funding of guerrillas in Nicaragua in the early 1980s.

A few of the other panelists, including a former independent counsel, did not hesitate to tell senators to abandon the law, calling it fundamentally "flawed."

Griffin Bell, President Jimmy Carter's first attorney general, suggested to the senators that the country return to the system that existed before the Watergate-era law, when the attorney general

had sole power to appoint outside prosecutors to handle cases involving high-level wrongdoing. That system was changed in 1978 after Watergate and President Richard Nixon's decision to order the firing of Archibald Cox, a special prosecutor.

Now the attorney general must seek the appointment of an independent counsel when there is substantial and credible evidence that a crime has been committed by the president or other government officials. A panel of three judges selects the counsel.

Mr. Bell and Mr. Baker are co-chairmen of the National Commission on the Separation of Powers, an organization that issued a report in December that recommended that the current independent counsel law not be reauthorized.

"Long ago concluded that this statute is unworkable for a number of reasons and represents very poor governmental

policy," Mr. Bell said. It was not a view shared by all experts. The first special prosecutor ever appointed, Arthur Christie, recommended renewing the law, but with restrictions.

"Personal mistakes and limitations," he said, should be off limits. Mr. Christie was appointed in the Carter administration in the late 1970s.

The Governmental Affairs Committee, led by Senator Fred Thompson, Republican of Tennessee, began the first of several hearings Wednesday on whether Congress should revise, scrap or replace the contentious independent counsel law. If Congress does not act, the law, which was created in 1978 and has been reauthorized and tinkered with three times since then, will simply expire June 30. The committee could hear from Attorney General Janet Reno and, perhaps, the independent counsel Kenneth Starr in March.

Away From Politics

• One of the two men accused in a murderous sex-and-torture spree in the California mountains was convicted of killing 11 people. Charles Ng, 38, a British subject from Hong Kong, could receive the death penalty in the sentencing phase of the trial, set for next month. (AP)

• A man who fatally shot a store clerk during a robbery was executed by injection in Huntsville, Texas. Norman Evans Green, 38, was the seventh person executed in Texas this year. (AP)

• O.J. Simpson's appeal for custody of his two children was rejected by the California Supreme Court. The children remain with him for now. He faces a new custody trial that would include evidence on their mother's slaying. (AP)

• White supremacists are relying on the Internet to find potential recruits, fueling growth among hate groups, according to the Southern Poverty Law Center in Montgomery, Alabama. It said the number of hate groups in the United States increased to 537 in 1998 from 474 in 1997, while the number of Internet hate sites rose from 163 to 254. (AP)

Closure for the Tomb of the Unknowns

By Steven Lee Myers
New York Times Service

WASHINGTON — With science now outpacing military tradition, the Pentagon has concluded that it will not place new remains from the Vietnam War in the Tomb of the Unknowns at Arlington National Cemetery, according to senior officials.

Nine months after remains were removed from the tomb and identified as those of First Lieutenant Michael Blazie, the officials said that scientific advances, including genetic tests, had "all but eliminated" the chance that any remains recovered from the war would not be identified.

The Pentagon's conclusion signals the end of a military rite that dates in the United States to the Civil War, when 2,011 unknown soldiers were honored by a granite tomb at Arlington. The cemetery, which is in Virginia, faces Washington across the Potomac River.

With the Pentagon now taking DNA samples from everyone who joins the military, there is little chance that future wars will produce unidentified remains. No other crypts are likely to join those at the tomb honoring unidentified soldiers who died in World War I, World War II and the Korean War.

"We really don't have another candidate for the tomb," Rudy De Leon, undersecretary of defense for personnel, said. "Potentially, all the remains are identifiable."

William Cohen, the secretary of defense, oversees the Tomb of the Unknowns and has not decided on its fate. But he

is expected in the weeks ahead to choose what to do with the now empty crypt that for 14 years held the remains of Lieutenant Blazie.

Veterans' groups and organizations representing the families of the missing have submitted a number of proposals. One idea, from the National League of Families of American Prisoners and Missing in Southeast Asia, would involve installing a plaque near the tomb inscribed, "In honor of those still missing, this crypt remains forever empty." Another proposal suggests writing "In memory of" on the white marble tablet that covers the crypt.

"We'll handle this in a dignified way that provides some closure," said the Pentagon spokesman, Kenneth Bacon, adding that Mr. Cohen agreed that no new remains would be placed in the tomb. "We need to find some fitting and proper way to honor" those who died in Vietnam, he said.

At Arlington, little has changed outwardly at the tomb. After Lieutenant Blazie's remains were removed, workers sealed the crypt and replaced the marble tablet, which is marked with the years of U.S. involvement in Southeast Asia, 1958-1975.

To the side, a sign on the tomb's history has been updated with a paragraph about the Blazie case. "The crypt is presently empty," it concludes, "but it serves as a tribute to all those who made the supreme sacrifice during the Vietnam Conflict."

There are still 2,069 Americans missing from the Vietnam War, and about 200 sets of bones, teeth and other remains await identification at an army laboratory in Hawaii.

Senate Approves Big Military Pay Raise

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate has overwhelmingly approved the largest military pay increase in nearly two decades, marking what some lawmakers see as an opening assault on spending constraints in a new era of budget surpluses.

The first major bill passed by the Senate since the end of the impeachment trial of President Bill Clinton, the legislation was aimed at demonstrating that senators were gearing up to conduct serious business despite their monthlong preoccupation with the trial.

It also provided a political opportunity for Republicans to amplify their accusations that Mr. Clinton has short-changed the military and for Democrats to show that they, too, support better pay and more benefits for the armed forces.

But the bill drew budgetary objections from the Clinton administration, which had proposed a less costly pay-and-benefits package, and prompted warnings from lawmakers of both parties that it could wind up squeezing other programs or eroding the fiscal discipline that helped end decades of budget deficits.

Even as the military compensation bill was being debated Wednesday in the Senate, Republicans including the House speaker, Dennis Hastert of Illinois, and the majority whip, Tom DeLay of Texas, indicated that spending caps approved as part of the big 1997 budget deal may have to be raised, in part because of increased military spending.

The Senate majority leader, Trent Lott, Republican of Mississippi, has said he wants to avoid any breach of budget caps, although other senators have said this may be difficult in light of mounting pressures for increased domestic and military spending.

The 91-to-8 vote in favor of the pay-and-benefits bill in the Senate gives the legislation a powerful head of steam as it moves to the House, where similar legislation is on track for consideration this spring, probably in connection with the defense authorization bill for 2000.

The bill would authorize, subject to future appropriations, a 4.8 percent military pay raise starting Jan. 1, with annual increases thereafter of one-half percent above the inflation rate.

Mr. Clinton had proposed a 4.4 percent increase for next year, followed by annual increases of up to 3.9 percent. The Senate proposal would be the largest military pay increase since 1982.

The legislation also would give military personnel the option of choosing a more generous pension plan than was available until 1986, which provided 50 percent of basic pay after 20 years.

The bill also would give military personnel access to tax-favored savings accounts similar to the 401(k) plans available in private sector employees, special assistance to low-paid personnel who now qualify for food stamps and expanded education benefits.

The administration argued that the bill costs \$11.6 billion more than Mr. Clinton's request over six years.

through lengthy legal challenges. Reno vs. American-Arab Anti-Discrimination Committee goes back to 1987, when the government began trying to deport seven Palestinians and a Kenyan with ties to the Popular Front for the Liberation of Palestine, a group the Justice Department described as a terrorist organization. But the Los Angeles-area activists contended the eight were targeted for potential violations of immigration law because of legitimate fund-raising and other free-speech activities for the Popular Front.

Immigration experts said the ruling was unlikely to affect most of the thousands of people subject to deportation annually because few claim they are being targeted for their political views. But immigrant advocates said it could intimidate immigrants and make them afraid to speak out about any political matter for fear of drawing attention to their illegal status.

The case also marks a departure from a general court trend of bestowing on illegal immigrants the same due process of law and other constitutional freedoms granted to American citizens. Dissenting justices pointed to a 1945 court ruling that said, "Freedom of speech and of press is accorded aliens residing in this country."

The two-pronged decision also forbids illegal immigrants from trying to fend off deportation through federal courts until they already have exhausted every other administrative immigration procedure. That portion of the ruling, decided by an 8-to-1 vote, upholds a 1996 federal law aimed at speeding the deportation of illegal aliens, many of whom have managed to remain in the United States for years

Begala Leaving the White House

WASHINGTON — Paul Begala, the White House counselor who first signed on with Bill Clinton in the 1992 campaign and has been one of the president's top political advisers in the impeachment battle of the past year, is leaving his job.

Mr. Begala, 37, a political consultant who with his former partner, James Carville, was one of the core participants in the famous "War Room" campaign team in 1992, is taking a teaching job at Georgetown University.

His impending departure, which had been widely forecast by White House colleagues months ago, will rob the administration of one of its more visible political strategists. Mr. Begala has appeared regularly on television as a tireless defender of Mr. Clinton and, within the White House, has been a key figure planning communications and legislative strategy.

But he went through his own brief bout of disillusionment after Mr. Clinton's admission last summer that he had lied for months about his sexual relationship with Monica Lewinsky, colleagues said.

Mr. Begala said he was grateful to Mr. Clinton for elevating him from "a journeyman hack political consultant" and giving him "a chance to play in the big leagues." But he said he was ready to leave: "I never promised to be the one loading Buddy and Socks into the U-Haul."

Republicans See an Opportunity

WASHINGTON — Republicans are getting ready in use the prospect that Hillary Rodham Clinton may run for the

POLITICAL NOTES

Senate to spur their contributors to open their pocket books. "Republicans, not only in New York but across the country, are very energized by this contest," Senator Mitch McConnell of Kentucky said at a picture-taking session on Capitol Hill with Mayor Rudolph Giuliani of New York, the Republican most likely candidate to seek the Senate seat next year. "It has generated an enormous amount of interest in Republican base voters and contributors around the country."

McConnell is chairman of the National Republican Senatorial Committee. (AP)

Quote/Unquote

Mike McCurry, the former presidential press secretary, on Chelsea Clinton, the president's daughter:

"Chelsea had an experience as a child in the White House that is totally different from what other presidential children have gone through. She grew up in the White House and turned out a pretty good kid. In my opinion, she has her head screwed on a little bit better than her mom and dad, in many ways." (AP)

Mr. Begala said he was grateful to Mr. Clinton for elevating him from "a journeyman hack political consultant" and giving him "a chance to play in the big leagues." But he said he was ready to leave: "I never promised to be the one loading Buddy and Socks into the U-Haul."

Republicans See an Opportunity

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Carla Roth, a German lawmaker who represents the home town of Karl LaGrand, praying before his execution at Arizona State Prison.

German Put to Death For Murder in Arizona

Compiled by Our Staff From Dispatches

FLORENCE, Arizona — Out of appeals and minutes from a slow, agonizing death in a cloud of cyanide fumes, Karl LaGrand begged to be executed by injection. State officials granted his wish.

Mr. LaGrand, a German citizen who chose the gas chamber over lethal injection in an attempt to avoid execution, was put to death Wednesday night for the 1982 slaying of Kenneth Hartsock, a bank manager, during a bungled robbery.

Foreign Minister Joschka Fischer of Germany called the execution "extremely regrettable" in statement issued Thursday by the German Embassy in Washington. "Even the greatest sin is no excuse to take a person's life," Mr. Fischer said.

The U.S. Supreme Court overturned a lower court's stay of execution hours earlier and cleared the way for the death sentence to be carried out. The federal appeals court had ruled that the use of cyanide gas was cruel and unusual punishment, just as Mr. LaGrand had calculated.

Mr. LaGrand asked for the switch to lethal injection a half-hour before the execution. Attorney General Janet Napolitano of Arizona said she and Governor Jane Hull approved the request

because of the late hour and "rather than create another avenue of appeal."

Mr. LaGrand's brother, Walter, 37, is set to die in the gas chamber March 3 for the same crime. Ms. Napolitano said Walter LaGrand would be allowed to switch to lethal injection if he requested it.

Attorneys for the LaGrands, who have been on death row since 1984, gambled that an appeals court would accept their argument that gas was cruel and unusual punishment. A three-judge panel of the 9th U.S. Circuit Court of Appeals ruled unanimously in favor of the brothers.

The Supreme Court lifted the stay of execution late Wednesday afternoon.

Arizona last executed a prisoner with gas in 1992. The death was regarded as so gruesome that voters approved the use of lethal injection. Killers who were convicted before the law passed were given a choice of injection or gas.

The brothers came to the United States as young boys in 1967 after their mother married an American serviceman. Their case has drawn widespread attention in Germany, which does not have the death penalty. (AP, Reuters)

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INTERNATIONAL

Schroeder Finds an Opposition Ally

German Greens Bypassed as Free Democrats Aid Reform Plan

By John Schmid
International Herald Tribune

FRANKFURT — Germany's opposition Free Democratic Party on Thursday emerged as the saviors of a key citizenship reform by Chancellor Gerhard Schröder in a move that threatens to marginalize Mr. Schröder's Greens party coalition partners.

According to Bonn sources and commentators, Mr. Schröder's interior minister wants to adopt a position aligned with the conservative Free Democrats after backpedaling this week on a pledge to grant permanent dual nationality rights to foreigners who become new German citizens.

After the Greens lost on nearly all the landmark reforms they brought into the government program in the heady days after the election in September, the setback over citizenship laws carries a particularly painful sting, to the environmentalist party.

Rather than relying on a plan by the Greens, Mr. Schröder's government must rely on the opposition Free Democratic Party, whose pro-business views often are anathema to many Greens and Social Democrats.

The compromise supported by the Free Democrats overturns a proposal embraced by the Greens to offer dual nationality to foreigners who are naturalized.

Following a reversal for Mr. Schröder this month in Hesse, which deprives the Social Democrats of a majority in the Bundestag, or upper house, the original Greens plan no

longer has a chance of clearing Parliament.

Kurdish protests in German cities last week inflamed the citizenship issue anew. After conservatives last month had warned that the dual-citizenship law would import Turkish-Kurdish conflicts into Germany, their worst fears were realized when three people were killed in a protest by Kurds in Berlin.

Mr. Schröder's left-leaning coalition abandoned another Green-led initiative earlier in the week when it withdrew plans for an early ban on reprocessing nuclear waste. That setback was a blow to a drive led by the Greens to shut the nation's 19 nuclear power reactors at the soonest possible date.

In a clear reference to the nuclear power issue, Mr. Schröder blamed the Greens for pushing "minority" issues into the center of the public debate.

To Mr. Schröder's critics, the reversals on citizenship and nuclear power are only the latest policy missteps. German commentators and the opposition frequently use the term "chaos" to describe Mr. Schröder's economic policies.

The Free Democrats gleefully added to Mr. Schröder's political misfortunes by instigating a debate over the instability of Mr. Schröder's "red-green" alliance. Some Free Democratic leaders recently have flirted with the idea of even displacing the Greens in the coalition. Mr. Schröder recently blamed the Greens for the mistakes of his first four months.

The conservative newspaper Die Welt reported which ministries the

Free Democrats would claim under Mr. Schröder.

Few are willing to forecast a coalition split in Bonn for now, although television talk shows and newspaper columns offer a lively debate about such a scenario. The first real durability test of Mr. Schröder's alliance comes in June with two key elections. If the Social Democrats or Greens turn in a poor showing in the June 6 statehouse vote in Bremen or the June 13 European Union Parliament vote then, some commentators said, they "no longer exclude a coalition break."

"The red-green coalition under Gerhard Schröder has not been in office for much longer than 100 days before people in Bonn are talking about its early end," Die Welt commented. The Frankfurter Allgemeine Zeitung wrote in an editorial, "At the center of power, the ties between red and green are becoming brittle."

The Social Democrats, in theory, could build a new coalition majority in the Bundestag, the lower house of Parliament, with the Free Democrats, throwing overboard the Greens. But the Free Democrats are too weak in the Bundestag to build a clear majority there.

The Free Democrats, with a history of shifting allegiances, have been Bonn's political kingmakers for most postwar administrations. In 1982, they ditched Helmut Schmidt's Social Democratic-led coalition and joined the Christian Democratic-led coalition of former Chancellor Helmut Kohl.

Mr. Schröder beat Mr. Kohl last September.



Serbian policemen patrolling a road west of Pristina, Yugoslavia, on Thursday as tensions in the province rose.

KOSOVO: NATO Moves Closer as Serbian Troops Mass on Border

Continued from Page 1

on NATO or UN missions.

To prevent these forces from entering Kosovo by land, Serbian commandos reportedly have mined the main roads, bridges and narrow passes threatening the mountains along the frontier, but NATO has helicopter assault forces. In an emergency, air strikes would be the first NATO option.

But Mr. Milosevic appeared to have gained room for some brinkmanship to test Western determination, Western officials said privately, because of the decision by the 16-man negotiating team representing the ethnic Albanian majority in Kosovo not to sign the Rambouillet peace plan. The delegation went

home Thursday to start consultations with the fractious Kosovo Liberation Army, finally landing only after several hours' delay caused by the Serbian authorities in Kosovo.

Trying to maintain a cease-fire before talks resume on March 15, Western leaders warned that NATO air strikes would be triggered immediately if Serb forces went on the offensive or committed what Robin Cook, the British foreign secretary, described as "disproportionate violence," including atrocities against civilians.

But a forceful NATO response may be paralyzed by European governments' reluctance to use force while diplomacy seems to have a chance of succeeding, and that cautious approach seems to be

spreading in the Clinton administration.

Its priority now is to convince the Kosovo Liberation Army to accept the Rambouillet terms, which means laying down their guns in exchange for NATO protection. Washington could then tell Mr. Milosevic to accept the peacekeeping force or see his military infrastructure wrecked by NATO airstrikes.

But convincing him may be harder now because Rambouillet has become another example of Western leaders' reluctance to back up demands with force — in this case, the negotiating deadline that expired last Saturday, only to be extended.

"We imposed ceilings on Serbian forces last October and didn't act when they violated them," a NATO commander said. "Then we threatened to react after the December massacre of civilians, but started peace talks." Now, he asked, what is Mr. Milosevic "likely to be thinking about our readiness to use force?"

Serbian military strength in Kosovo has already risen to "more than double" the levels accepted by Belgrade in October in a deal to avert NATO airstrikes. Supposedly limited to 10,000 army troops and 11,000 paramilitary police, the Serbs now have more than 25,000 troops and police in Kosovo plus a growing force of 7,500 troops backed with 200 tanks just north of the province, the NATO official said.

Despite Mrs. Albright's tough public line, U.S. officials said that the Department of Defense and the National Security Council opposed airstrikes to stop these Serb reinforcements.

Asked about the Serbs' intentions, the NATO official said that "they probably are poised to act if the peace talks break down."

Meanwhile their intimidating presence helps scare ethnic Albanian civilians out of their homes, reinforcing fears among Kosovars of a Serbian offensive to partition Kosovo.

The northern half of the province, bordering Serbia, contains Orthodox monasteries and mineral wealth coveted by Belgrade.

Fighting erupted Thursday between Serbian forces equipped with tanks and mortars and KLA guerrillas near Bukos, north of the capital, Pristina, along a highway that would have a strategic role for a Serbian incursion.

A partition bid would ignite all-out resistance among Kosovo's ethnic Albanians, who constitute 90 percent of the local population, and inflame nationalism in neighboring Albania.

SENATE: Lawmakers Condemn China for Human Rights Abuses

Continued from Page 1

"It is not a perfect relationship," Mrs. Albright told the House committee. "But I think that it is important to look at how we can benefit from a strategic dialogue with them, which is what we do."

She said China had "moved in a good direction" on limiting the proliferation of weapons of mass destruction, and had had a helpful influence on the Communist dictatorship in North Korea.

"We do not endorse what China is doing in all the areas that you have raised," she said. "I'm on my way to China and I'm going to raise all the issues that you have brought up."

On Oct. 5, China signed the International Covenant on Civil and Political Rights, and Beijing had hoped to avoid a new confrontation before the UN rights commission. But sponsors of the Senate legislation said that it had not moved since then to comply with the covenant.

"Human rights conditions have only deteriorated in China and Tibet," said Senator Connie Mack, Republican of Florida.

China has found more vocal critics than friends in Congress for years, particularly since the 1989 crackdown around Tiananmen Square in Beijing. Mr. Lott said that to emphasize the depth of Senate feeling on China, he had scheduled the human rights measure as only the second to be dealt with after the Clinton impeachment trial; the first was a military pay raise. "There continues to be terrible human rights violations in China,"

The resolution speaks of "widespread and well-documented human rights abuses in China and Tibet" and of continuing "coercive implementation of family planning policies and the sale of human organs taken from executed prisoners."

Four political dissidents were arrested Thursday in central Hubei Province, a Hong Kong rights group said, according to Reuters. The four reportedly were organizing a human rights seminar to be held next month in Wuhan.

Israel Stops Extradition Of U.S. Murder Suspect

The Associated Press

JERUSALEM — The Israeli Supreme Court on Thursday blocked the extradition of an 18-year-old Maryland murder suspect to the United States, and the youth now faces trial in Israel.

Samuel Sheinbein showed no reaction when Chief Justice Aharon Barak read the 3-to-2 decision, which could strain ties between Israel and the United States.

Maryland prosecutors had pushed for the extradition of Mr. Sheinbein, who has been indicted in Montgomery County in the killing of an acquaintance, Alfred Tello Jr.

Mr. Sheinbein fled to Israel on Sept. 21, 1997, two days after the victim's mutilated and burned body was found.

To prevent extradition, Mr. Sheinbein claimed Israeli citizenship through his father, who was born in pre-state Israel. Under Israeli law, citizens cannot be extradited for trial abroad.

But the Jerusalem District Court ruled last year that Mr. Sheinbein could be returned to the United States because he did not maintain close ties



Sheinbein arriving in court.

to Israel. The Supreme Court decision overturned that ruling.

Mr. Sheinbein will now be tried for murder in Israel, and Justice Ministry officials said he would be indicted within the next few days. In the meantime, he will remain in detention.

BRIEFLY

8 Kurds Set to Leave Embassy in Nairobi

NAIROBI — Eight Kurdish associates of the captured rebel leader Abdullah Ocalan who have been in the Greek Embassy in Nairobi for nearly two weeks were set to leave Kenya on Thursday, an embassy official said.

Their safe passage was negotiated by Pavlos Apostolides, general secretary of the Greek Foreign Ministry, the official said on condition of anonymity.

The official declined to say where the eight were going or when they would leave, but Jacob Chumba, a spokesman for the Kenyan Foreign Ministry, said the Kurds were flying aboard a private jet to Athens.

Other officials, who demanded anonymity, said Mr. Hamilton, Mr. Lake and Mr. Bumpers had been asked to consider the position. Friends of Mr. Pryor said he had been approached as well but had turned it down at once.

The other official approached was Stephen Bosworth, now ambassador to South Korea, former senior Clinton administration officials said.

Administration officials agree that this is a pivotal moment for one of the most important foreign relationships and that Mr. Clinton is searching for a prominent figure whose name alone would convey to the Chinese how highly Washington values its dealings with them.

At the same time, the officials said, an ambassador-designate must be perceived as tough on Beijing to win confirmation from Congress.

But a confirmation hearing of even the most popular candidate is expected to become a referendum for every senator with a problem with China, a senior Clinton administration official said. "The confirmation would go on and on, and it will be a bruising battle," the official said.

"I think this is a very rough time for dealing with China," said Edward Friedman, a political science professor at the University of Wisconsin who is a specialist on China.

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Sir Anthony, who two years earlier had negotiated the final steps of the treaty in Cairo with Colonel Nasser under which British troops withdrew from Suez, felt the mission was mistaken and deceitful.

When British planes took to the air on Oct. 31, he decided to quit. For security reasons, he did not give the customary resignation speech to Commons, and his constituents accused him of betrayal.

Harold Macmillan, later to become prime minister, had urged him not to resign, saying, "You will lead the party one day." Instead, Sir Anthony found his promising political career in ruins at the age of 36.

Willard R. Espy, 88, Punster

NEW YORK — Willard R. Espy, 88, who had such a winsome way with words, such an elegant ear for rhyme and such a sure sense of the absurd that he once began a poem with the words, "I do not roister with an oyster," died Saturday at New York Hospital. The cause was not announced.

William M. Bronk, 81, Poet

NEW YORK — William M. Bronk, 81, a poet known for the philosophical depth of his work, died Monday at his home in Hudson Falls, New York. He had been ailing with emphysema. Mr. Bronk, who was descended from Jonas Bronck, for whom the Bronx was named, won the American Book Award in 1982 for his poems, "Life Supports," and was considered one of the most prominent poets of his generation.

U.S. Drug Official Warns on Mexico

WASHINGTON — The head of the U.S. Drug Enforcement Administration, Thomas C. Constantine, has said Mexican drug trafficking organizations posed the worst criminal threat to the United States that he had seen in nearly 40 years in law enforcement.

Speaking days before the Clinton administration's deadline for certifying that Mexico is cooperating in drug-fighting efforts, Mr. Constantine sketched a bleak picture in testimony Wednesday before the Senate Caucus on International Narcotics Control. He did not address the central question of the level of official cooperation that Mexico has offered to the United States. (NYT)

3 Expelled by Chile

SANTIAGO — Chile has ordered the expulsion of three foreigners, accusing them of meddling in national affairs by supporting protests by Mapuche Indians in southern Chile. The Interior Ministry did not identify the foreigners except to say that they were a Frenchman, a Spaniard and an American. (AP)

Continuing Warfare Reported by Eritrea

ASMARA, Eritrea — Ethiopian and Eritrean forces battled for a third successive day along their disputed western border Thursday, Eritrean government officials said.

"The situation is still serious," a senior official said. Both sides have claimed the upper hand in the fighting, which began Tuesday with an Ethiopian ground offensive aimed at recapturing land occupied by Eritrean troops last

ENVOY: U.S. Ambassador to China Proves a Tough Position to Fill

Continued from Page 1

head the relatively small Center for Defense Information here, officials said.

Three others who received approaches were David Pryor, another former Democratic senator from Arkansas; General John Shalikashvili, the former chairman of the Joint Chiefs of Staff, and Anthony Lake, a former national security adviser.

In refusing the prospect, some expressed ambivalence about such a demanding overseas position for a tour that might be over in less than two years. Mr. Clinton's term ends in January 2001.

Others said the ambassador would have great responsibility but little policy authority. Some indicated they were more discouraged by the heavy strains in Chinese-American relations.

The potential candidates apparently

thought a confirmation hearing before the Committee on Foreign Relations, which is headed by Senator Jesse Helms, Republican of North Carolina, would be as unforgiving as earlier hearings over China's trade status.

"Any confirmation hearing will be bruising," said an official, referring to the inevitable committee showdown.

Samuel Berger, the national security adviser, is heading the search to replace James Sasser, who became ambassador to China in 1996 after losing his seat as a Democratic senator from Tennessee. He leaves the embassy in May.

"Obviously, this job is critical to United States national interests, and we're looking at people of stature," said David Leavy, a spokesman for the National Security Council. "We don't feel we're behind the curve. It's at the top of our agenda." Mr. Leavy said that only two people had been approached seriously about the job.

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Women in Beijing walking past an ad featuring a mobile phone Thursday.

CHINA: Beijing Blasts Satellite-Deal Ban

Continued from Page 1

U.S. officials as the beginning of new era of partnership, but a harsh crackdown on dissidents began late last year, uncertainty about China's growing military power and a burgeoning U.S. trade deficit with China estimated by U.S. officials to be running at more than \$1 billion a week have left Mrs. Albright with a series of nettlesome problems to address while in Beijing.

Her trip is also intended to smooth the way for Zhu Rongji's first trip to America since being appointed China's prime minister last year.

Asia-Pacific Mobile Telecommunications is a cellular phone venture that includes investors from Singapore, Malaysia, Japan, Thailand and Indonesia but is 51 percent owned by Chinese organizations. Belittling concerns raised by some U.S. officials that China's military could have benefited from the sale, a Foreign Ministry spokeswoman, Zhang Qiyue, said the U.S. rejection of Hughes Electronics Corp.'s application to export the satellites had been made "under the excuse of national-security interests," according to a statement released by the official Xinhua news agency.

The spokeswoman said China had lodged a "strong complaint" over the matter but gave no indication of what if any punitive trade measures it was considering in response to the U.S. move.

The issue of American high-technology transfers to China is likely to be a high-profile issue before Mr. Zhu's visit to the United States. A congressional committee investigating improper transfers is expected to release an unclassified version of the full report in the coming weeks. Mrs. Zhang, the Chinese spokeswoman, defended the past behavior of Chinese buyers and American satellite providers, all of whom she said had "strictly followed international norms in the trading and launching of civilian-use satellites for a long time."

A U.S. National Security Council official said this week that despite the controversy, there had not been a "fundamental change" in America's policy on exports to China. But a congressional mandate that licensing authority for such sales be moved to the State Department beginning next month is likely to bring tough new scrutiny. The Commerce Department, which had recommended that the Hughes sale be approved, used to hold that licensing authority.

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AIRBUS: A \$200 Million Loss

Continued from Page 1

partners at fixed prices but has been discounting airplane prices to match Boeing, especially on narrow-body aircraft.

"It's a function of the single-aisle marketplace," said Michael Turner, executive director at British Aerospace. "Boeing keeps reducing the price of the 737."

British Aerospace, which makes wings for Airbus, generated rising profit from that subcontract work, benefiting from rising volume as Airbus deliveries rose to 229 aircraft last year from 182 in 1997.

Overall, British Aerospace reported an operating profit of £12 million on commercial aircraft business, its first such profit in some time.

Stripping out the company's regional aircraft business and the repayment of £122 million of government development subsidies, the company generated an operating profit margin of just over 10 percent on Airbus revenue of about £1.8 billion, estimated Nick Cunningham, an analyst with Salomon Smith Barney.

Mr. Cunningham said Airbus was performing "relatively well" compared with Boeing, which earned only \$65 million last year on commercial aircraft sales of \$35 billion.

"The system as a whole remains profitable," said Barbara Kracht, a spokeswoman at Airbus headquarters in Toulouse, France.

Airbus results would be clearer if the partners fulfilled their goal of combining into a single corporate entity. But difficulties in valuing assets and complications stemming from the parallel process of defense consolidation continue to delay that development.

Mr. Turner said he would be surprised if it happened this year.

British Aerospace said pretax profit before exceptional items rose 14 percent in 1998 to £685 million.

The results were helped by the delivery of 18 Tornado fighters to Saudi Arabia, although executives acknowledged that low oil prices had hurt the prospect for future sales there.

58 Political
Is Released

Marcos Victims

A Presidential Settlement

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ASIA/PACIFIC

'58 Political Prisoner Is Released by Seoul

By Kevin Sullivan
Washington Post Service

SEOUL — Looking thin but happy, the man believed to be the world's longest-serving political prisoner walked through prison gates Thursday morning into an outside world he has not seen in 41 years.

"For over 40 years, I've been in confinement," Woo Yong Gak, 69, said, bowing to the crowd of reporters and human rights activists who gathered at the prison gate.

"Now, I'm very happy to see the light."

Mr. Woo and 16 other prisoners were freed to mark the first anniversary of President Kim Dae Jung's administration.

The world has changed dramatically since 1958, when Mr. Woo was captured as he led a North Korean reconnaissance boat into South Korean waters.

But time has stood virtually still for tensions on the divided Korean Peninsula, which is as volatile today as it was when Mr. Woo began what rights activists describe as decades of solitary confinement, deprivation and torture.

Human rights organizations hailed the prisoners' release, and cheered the government for dropping a long-standing requirement that prisoners sign a statement pledging to follow South Korean law, including the provisions that make it a crime to praise North Korea.

But freeing the prisoners — led by

Mr. Woo, who had become a celebrated cause among human rights groups — has already posed a delicate dilemma in relations between the two Koreas.

North Korea has appealed for the prisoners, all of whom were former North Korean agents or sympathizers, to be sent "back to the bosoms of their families" in the North.

Allowing the prisoners to go north would "be an important turning point in opening the door to a wide range of contacts and bring about a thawing in frozen inter-Korean relations," said a letter from the North Korean Red Cross.

The South Korean president said at a news conference Wednesday that he would consider such a step only if North Korea agreed to return some of the 200 or more South Koreans — mainly prisoners of war from the Korean War — who are believed held in North Korean prisons.

Mr. Kim called for talks with North Korea on the repatriation issue, but he insisted that those talks be "fair and convincing to the Korean people."

It was unclear whether the repatriation issue would make talks between the two adversaries more likely, or even whether Mr. Woo and the other prisoners wanted to return to North Korea.

"This is not a private issue," Mr. Woo said.

"This is a bilateral and humanitarian issue. I hope this issue will be resolved in a humanitarian way."



Woo Yong Gak, a former spy for North Korea, being welcomed as he stepped out of Taegon prison Thursday.

Dressed in a dark windbreaker and dark-rimmed glasses, Mr. Woo said that he was suffering from diabetes but was in otherwise good health.

Almost 1,500 other prisoners were freed and 9,000 people not in jail had their criminal records cleared as part of the amnesty.

"The psychological and material help given from a humanitarian viewpoint,

human rights groups' efforts toward changing public sentiment, and the 'release movement' by Amnesty International is carved in my heart," Mr. Woo said, looking a little dazed as he accepted flowers from well-wishers.

He said he hoped to continue to work toward unification of the Koreas. He also said that he had refused to sign the law-abiding oath because he did not want his

freedom of conscience violated further. Amnesty International said that releasing Mr. Woo and the others was evidence of improvement in South Korea's human rights record since Mr. Kim took office.

But the group said that "powerful groups, such as political opponents and even Ministry of Justice officials" seemed to be blocking reforms.

More Killed As Sectarian Clashes Flare In Indonesia

Reuters

AMBON, Indonesia — Thousands of refugees left Ambon in eastern Indonesia on Thursday as the death toll from clashes between Muslims and Christians rose to at least 24, residents and official press reports said.

"Clashes happen every day. Today, nine Muslims were killed in Ambon and two in nearby villages, including an insane man who happened to be a Muslim," said an official of the Ambon chapter of the Indonesia Council of Ulama, an Islamic group. "That's the figure which I can confirm."

The official news agency Antara said at least 24 people had been killed since clashes flared again Tuesday in Ambon, about 2,300 km (1,440 miles) east of Jakarta. Residents said the main roads were deserted, with troops blocking the city center and many people staying at home. Local workers for Christian and Muslim support groups said frightened residents were seeking refuge in churches and mosques. Some had lost their homes in arson attacks.

Ambon is the epicenter of savage sectarian violence that has claimed more than 160 lives this year. Fourteen people were reported to have died here on Wednesday alone as troops fired on Christians and Muslims who were fighting each other with firebombs, machetes and arrows.

In Borneo, ethnic violence erupted again Thursday in the Sambas district of West Kalimantan Province, raising the death toll to seven, Antara reported. The agency said at least four houses were burned Thursday. It said at least 58 houses, mostly owned by Madurese people from East Java, had been burned since a fight over a bus fare Monday started riots.

In East Timor, thousands of pro-independence youths marched through the provincial capital, Dili, on Thursday to mourn two comrades who died during a clash with Indonesian troops Wednesday, witnesses said.

The bodies of Joaquin de Jesus, a university student, and Francisco da Concesta Ormai, a high-school student, were paraded to the provincial governor's beachfront office. One soldier was killed in the clash.

Indonesia has been racked by waves of unrest during the past year as ethnic, religious and social tensions, fueled by the country's worst economic and political crises in decades, boiled over.

Police and soldiers have been ordered to shoot rioters and troublemakers on sight, and the government is forming a rapid-response force to deal with outbreaks of unrest. But the understaffed and poorly trained armed forces have been unable to stem the growing tide of violence and lawlessness, and many expect the situation to get worse in the countdown to elections on June 7.

Marcos Victims to Get Millions

An Unprecedented Settlement for Human Rights Abuses

Reuters

MANILA — The family of the late Philippine leader Ferdinand Marcos has agreed to pay \$150 million in damages to 10,000 victims of human rights abuses after a 13-year legal battle, lawyers for the victims said Thursday.

Under the preliminary agreement, the distribution of the money would be supervised by the U.S. District Court in Hawaii, which in 1993 found Mr. Marcos liable for atrocities committed by soldiers during his rule, the lawyers said.

"A despot who abuses his people will finally pay," said a statement issued by lawyers for the victims, Robert Swift in the United States and Rod Domingo in the Philippines.

"Never before have victims of human rights abuses in any country recovered on a judgment against the perpetrator," the lawyers said.

Mr. Domingo, who released the statement in Manila, said the agreement would still need the approval of the government of the Philippines, which has accused Mr. Marcos of looting the Treasury and also claims his assets.

President Joseph Estrada has said he

was willing to share some of the Marcos' assets with the victims.

Mr. Domingo said the agreement was signed for the Marcos family by the former first lady, Imelda Marcos, and her son, Ferdinand Jr., who is a provincial governor, and by Mr. Swift for the victims.

The Marcos family declined comment on the report.

"All statements will come from the office of President Estrada," said a spokesman for Mr. Marcos's son.

The Hawaii court had ordered the Marcos estate to pay \$2.0 billion to victims of torture and to relatives of dissidents who disappeared or were killed by soldiers during the Marcos regime.

The victims agreed to a compromise amount of \$150 million because it would take years to collect the full amount from the Marcoses, who had disputed the Hawaii court ruling, Mr. Domingo said.

Mr. Domingo said the money would be drawn from the half a billion dollars of Marcos deposits in Swiss banks. Switzerland has transferred the deposits to an escrow account in Manila pending a court ruling on who actually owns the money.

Chinese Jet Seen Spewing Smoke

RUI AN, China — Workers combed through charred debris Thursday for clues to why an airliner crashed and exploded in a cabbage field in China, killing all 61 people aboard in the country's worst aviation disaster in nearly five years.

Police labored to keep thousands of onlookers away from the crash site near the small town of Rui An, on the outskirts of Wenzhou city, 400 kilometers (250 miles) south of Shanghai in coastal Zhejiang province.

Mr. Lin, a shopkeeper in Tangtou village, where the crash rattled houses, said he saw the China Southwest Airlines jet spewing black smoke and flying erratically before it crashed and exploded in the muddy field surrounded by ramshackle farmhouses.

Hun Sen Plans Military Cutback

TOKYO — Prime Minister Hun Sen of Cambodia told international aid donors Thursday he planned to cut the country's armed forces by 55,000 soldiers, or about one-third, over the next five years.

In a speech opening a two-day international conference on aid to Cambodia, Mr. Hun Sen also said that aid not be tied to putting former Khmer Rouge leaders on trial and promised that help given to Cambodia would go toward developing the country, not to any one party or person.

He said his country's plans to scale back the military would reduce the financial burden on its state budget. The

plans also include decommissioning 24,000 police officers. The demobilized soldiers and police would be given "productive occupations," he said.

Cambodia to Lose Waste Dump

PHNOM PENH — Formosa Plastics Corp., the Taiwanese petrochemical giant, agreed Thursday to clean up a nearly 3,000-ton toxic waste dump in Cambodia within 60 days, a Cambodian government negotiator said.

The negotiator, Om Yentien, said the deal did not rule out future negotiations for compensation. "Everything else can be delayed pending future negotiations," he said, "but shipping the waste out cannot be delayed."

The waste — described as "brine sludge contaminated with mercury" — was discovered by environment officials in December in a crude dump about 10 kilometers (6 miles) outside the southwestern port of Sihanoukville. A dock worker died soon after cleaning the hold of a ship that transported the waste from Taiwan, sparking hysteria and rioting.

Bangladeshis Vote Despite Strike

DHAKA, Bangladesh — Bangladesh completed three days of local elections Thursday despite an anti-government general strike that paralyzed the country's main cities and claimed seven lives. Thousands of Bangladeshis poured into polling stations to vote for municipal councils on Tuesday, Wednesday and Thursday, the Election Commission said.

EUROPE

RESCUE: 3 Frenchmen Survive in Igloo

Continued from Page 1

men that they could have survived three or four more days.

French pilots used the first hull in a week of snowstorms to spot the igloo after a faint mobile phone call on Tuesday revived hopes that the three could be saved. On Saturday and again on Sunday they had used the igloo to contact a rescue center, but it was only the feeble last call that led rescuers to them. Helicopters had flown over their shelter in poor visibility without spotting it.

"We were overjoyed when we saw a man waving," said Jerome Graille, a mountain policeman.

The three, all experienced mountaineers, had first burrowed deep into the snow to escape from the wind and cold. They built their igloo, which rescuers described as fairly comfortable, under a rock cliff to avoid being swept away by avalanches.

As a huge airlift continued for a second day to remove people from the devastated Pannzann Valley in Austria, the overall death toll there rose to 32, including more than a dozen foreign tourists. Nine Germans, five Dutchmen and two Danes were identified among the dead in the hamlet of Galtner, where Europe's deadliest avalanche of the winter struck on Tuesday. At least four persons were missing.

In Valzur, where the boy was found after a wall of snow descended Wednesday and crushed 11 houses and 2 farm compounds, three more bodies were found and two persons were still missing. Rescuers conceded that chances of digging out more survivors in the valley were slim.

Roads remained blocked although maintenance crews hoped to clear them Friday.

The avalanche danger was rated as extremely high throughout the Alps and sunny weather added to the risk by melting snow.

Caucasus Refugees to Return

The Associated Press

MOSCOW — In the latest effort to end a decades-long ethnic conflict, top officials from the troubled Russian Caucasus regions of Northern Ossetia and Ingushetia agreed Thursday to return all refugees to their homes by the end of the year, the Itar-Tass news agency reported. The conflict goes back to a 1944 decision to deport the entire Ingush nation for collaborating with the Nazis.

In Switzerland, the resort of Leukerbad was struck Thursday by a 300-meter-wide (984-foot-wide) snowslide that destroyed four houses. There were no fatalities after 30 people were rescued from a crushed building.

The Austrian Army led one of the biggest airlifts in the country's history, comprising some 35 helicopters from Austria, the United States, Germany and Switzerland.

They planned to continue flying through the early evening, turning their attention to people trapped for days in other ski resorts in the area such as Ischgl, which faced an acute risk of avalanche.

Departing tourists described days of terror following the Galtner avalanche as they waited for the airlift.

"It was terrible, especially the nights," said Birgit Pick, a German tourist. "We didn't know if there would be another avalanche. We hardly slept for two nights."

The organization was a bit chaotic. Yesterday, we stood for five hours in the snow with our children, waiting for a flight out, and then we were told we couldn't go. We went back to our hotel and were very frightened all night long. But this morning we got the first flight out, thank God.

(Reuters, AP)

Omagh Bombing Suspect Freed

BELFAST — Police investigating Northern Ireland's worst guerrilla bombing have released a prominent Republican who had been in custody for three days, security sources said Thursday.

Francis Mackey, chairman of a hard-line Republican political group, was among 11 men arrested on both sides of the Irish border and questioned about the Omagh bombing, which killed 29 civilians and wounded more than 200 in August. Security sources said Mr. Mackey, 44, had been freed without charge Wednesday night.

Mr. Mackey is chairman of the 32-County Sovereignty Group, which is critical of the 1998 Good Friday peace deal designed to end 30 years of sectarian conflict in Northern Ireland. The organization has consistently denied claims that it is the political wing of the Real IRA, a dissident splinter group that planned the Omagh bomb.

A Dublin court Wednesday ordered one man to be held in custody after facing charges linked to the bombing. The accused, Colm Murphy, 48, is the only person to have been charged so far in connection with the attack. Police in British-ruled Northern Ireland said one man was still being questioned there.

Ocalan Lawyers Get a Warning

ANKARA — A governor in Turkey on Thursday warned lawyers for Abdullah Ocalan, the jailed Kurdish rebel leader, not to step beyond the boundaries of their legal brief

to defend their client against charges of treason.

The Anatolian news agency quoted Governor Orhan Tasanlar of Bursa as saying, "The lawyers should not abandon their legal role and take on another." Mr. Tasanlar, a known hard-liner and former senior police official, is responsible for the region in which Ocalan's jail is located.

Italy Plane Crash Kills 4 People

GENOA — A commuter plane with 31 people aboard overshot the runway Thursday in northern Italy and ended up in the sea. Officials said at least four people were killed and two others were seriously injured.

The Minerva airlines Domier-328 had departed from Cagliari, Sardinia.

Blair Faces Trouble, Rival Says

LONDON — Labor voters unhappy with Prime Minister Tony Blair may stay at home in May's elections for a new Scottish Parliament, handing victory to pro-independence nationalists, a nationalist leader predicted Thursday.

Alex Salmond, who has pledged to hold a referendum on independence by 2003 if his Scottish National Party emerges as the largest force in the vote, said the party was expected to benefit from the fact that its supporters were far keener to go out to vote than Labor's.

Police show Labor just ahead of the Scottish National Party.

China Vetoes Forces in Taiwan-Friendly Macedonia

Reuters

UNITED NATIONS — China on Thursday vetoed the renewal of a UN peacekeeping force in Macedonia in retaliation for the Balkan country's recent establishment of diplomatic relations with Taiwan.

Russia abstained while the other 13 members of the 15-nation Security Council supported a resolution calling for a six-month renewal of the force in the former Yugoslav republic bordering Serbia's embattled province of Kosovo.

A negative vote by China, which along with the United States, Russia, Britain and France is one of the council's five permanent members, automatically kills any resolution.

The 1,100-member UN Preventive Deployment Force, known as Unpredep, includes about 360 troops from the United States, 640 from Scandinavia and about 50 from Indonesia. It was originally set up in 1992 to deter the spread of fighting to Macedonia from other parts of Yugoslavia.

Despite plans last year to phase it out, the force was retained and strengthened in view of the conflict that erupted in neighboring Kosovo between Yugoslav security forces and ethnic Albanians fighting for independence. The UN resolution, backed by Secretary-

General Kofi Annan, had called for renewal of the force's mandate until Aug. 31.

China's UN ambassador, Qin Huanxin, said Beijing had reservations about the "repeated extension" of the force's mandate but took a "flexible and cooperative" approach in the past.

"Now, as known to all, the situation has changed," he said, alluding to Macedonia's decision last month to open diplomatic relations with Taiwan — anathema to Beijing, which regards Taiwan as a renegade province.

Macedonia provides logistical support for European civilian monitors in Kosovo and is a base for North Atlantic Treaty Organization operations in the region.

Speaking before the vote, Sir Jeremy Greenstock, Britain's representative at the UN, said he did not think the decision should be based on reasons "extraneous" to the operation of the force. "We believe that Unpredep is necessary," he said. "The area is tense."

Diplomats said China's veto means there would be a "technical phase-out period" of at least a month during which the United States and others would consider what to do with the force. It could be made part of NATO or a separate monitoring group

patrolling borders if needed.

Beijing exercised its first veto in nearly 25 years in January 1997 against the dispatch of 155 UN military observers to monitor peace accords in Guatemala because of that country's diplomatic relations with Taiwan.

China reversed its position two weeks later, after it was presumed to have received a promise that Guatemala would cease backing Taiwan's annual attempt to obtain UN membership.

Previously, China twice threatened to veto the presence of UN troops in Haiti because of that country's relations with Taiwan.

This obliged the Security Council to change the name of the Haiti mission and then get the United States and Canada to pay for the troops.

In a report last week recommending the renewal of Unpredep, Mr. Annan expressed satisfaction that Macedonia had not so far been adversely affected by the conflict in Kosovo.

London Police Vow to Hunt Racist Killers

Reuters

LONDON — London's police chief vowed Thursday to spend his remaining 10 months in office trying to bring the killers of a black youth to justice after an official report accused his force of incompetence and racism.

Sir Paul Condon, London's Metropolitan Police commissioner, told BBC radio he would make use of "whatever offense we can utilize legally" to bring charges against those responsible for the death of Stephen Lawrence, who was stabbed to death in 1993 while waiting for a bus in southeast London.

"I want the racist thugs to feel hunted," said Sir Paul, who is due to retire at the end of this year.

The Lawrence case has focused the attention of Britons on attitudes to minority groups within the police service.

The report published Wednesday attacked the police for their investigation into Mr. Lawrence's murder, speaking of "a combination of professional incompetence, institutional racism and a failure of leadership by senior officers."

Fears that the report might increase racial tension were not allayed when a memorial to Mr. Lawrence at the spot where he died was splashed with white paint only hours after the inquiry's findings were published. This is the third time the engraved granite paving stone has been defaced.

The vandals escaped unseen because a police surveillance camera had no film in it, police said.

Mr. Lawrence's family have campaigned for justice after police failed to catch and prosecute the killers.

A lawyer for the family said he would take the police to court if they did not quickly offer adequate compensation for conducting what he called an incompetent investigation.

Imran Khan, representing Mr. Lawrence's parents, said he would demand compensation "for the way in which they have been treated during the course of this incompetent and grossly negligent murder investigation."

"If they don't respond satisfactorily, I propose to give them seven days, and after that we would then take the matter to court," Mr. Khan said.

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Violations in Kosovo

With all the attention paid to the inconclusive finish to the Kosovo peace talks in France this week, it is easy to forget that a Kosovo deal already exists. It was negotiated by the special ambassador Richard Holbrooke last October. It was accepted by the Serbian leader Slobodan Milosevic. And it was, ostensibly, to be enforced by NATO.

Now Mr. Milosevic is in gross violation of that deal. The agreement allowed him to keep far too many troops in Kosovo, but he has exceeded even that limit by thousands of special police. He was supposed to keep his troops in garrison, but they have been roaming freely through the countryside. Mr. Milosevic promised a ceasefire, but as U.S. Ambassador William Walker, chief of the civilian verification team in Kosovo, said on Wednesday, "The ceasefire is a bit of a joke." Nine thousand civilians have been displaced from their homes just in the past nine days; 50,000 in the past two months.

The Serbian dictator promised to release the ethnic Albanians he had detained, but more than 1,500 of them remain in custody, without charges and subject to torture and other abuse. Mr. Milosevic promised to admit war crimes investigators, but he has barred them at the border. "It is almost easier to list places where they are in compliance," Ambassador Walker said. "It's a short list."

The American ambassador also observed that "both sides are totally out of compliance," but that is not quite true. The Kosovo rebels cannot be out of compliance, because they were never included in the October negotiations, nor asked to sign any document. They were informed about Ambassador Holbrooke's talks with Mr. Mi-

losevic; they were asked to abide by a cease-fire. Their provocations certainly are unhelpful and their attacks on civilians inexcusable, but they are out in violation. The Serbian forces are in violation.

Senator Chuck Hagel, Republican of Nebraska, asked Secretary of State Madeleine Albright on Wednesday how serious Serbian violations would have to be before NATO responded, as it has threatened to do so many times. "Well, we are — we have issued various warnings," she replied in testimony to the Senate Foreign Relations Committee. "NATO, Secretary-General Solana, I believe, did again yesterday, and I believe will do so again."

No doubt will. But issuing warnings is a sad substitute for policy. The United States government has been issuing warnings since 1992, when President George Bush warned Mr. Milosevic not to wage war against the independence-minded province of Kosovo, and the lesson Mr. Milosevic has drawn thus far is that he need not pay such warnings much mind.

All this is relevant to those inconclusive talks in France, where the Kosovo delegation surprised U.S. mediators by rejecting, until the very last minute, their proposed deal. Mrs. Albright did well to rescue something from the talks, and in coming weeks Kosovo officials may (and should) sign on to the idea of three years of autonomy without independence. But it should come as no surprise that some Kosovo fighters are reluctant to lay down their arms in exchange for a promise of NATO and American protection. They can see, all around them, how much such promises have been worth so far.

—THE WASHINGTON POST.

Expertise Not for China

Washington's past carelessness in licensing satellite sales to China may have damaged America's security. This week the Clinton administration drew the right lessons from its mistakes. It denied Hughes Space and Communications approval to sell a mobile communications satellite to a company closely tied to the Chinese military. As the Pentagon reasonably feared, the satellite sale could have improved the reach of Chinese military communications in Asia and helped China refine its rocket technology. Washington should encourage American civilian commerce with China. But it must tightly control advanced military technology.

China is not a global military rival of the United States as the Soviet Union was during the Cold War. But Beijing has its own military agenda that sometimes conflicts with that of the United States. Military cooperation with China should not extend to satellites or the rocket boosters used to lift them into orbit.

Hughes wanted to sell its satellite to a private business consortium in Singapore. But the Pentagon learned that top officials of that consortium were

Chinese military officers working for the State's own satellite agency. The State Department also was uneasy about the sale, because Hughes engineers had tutored Chinese scientists in improved rocket launching methods in 1995 in an episode that is now the subject of a criminal inquiry.

The White House invited trouble when it put the Commerce Department in charge of Chinese satellite licenses in 1996. Next month a new law passed over administration opposition will restore licensing authority to the State Department.

But problems with technology transfers to China go back much further. Last year a Congressional inquiry found that in the past two decades China acquired some of America's most sensitive military secrets, including nuclear weapons designs.

European companies may now step in to sell China what Hughes cannot. But their technology is less advanced. The United States is the world leader in satellite telephone communications and rocket technology. This expertise should not be made available to China's armed forces.

—THE NEW YORK TIMES.

Crackdown in Cuba

A political leader with the interests of his hard-pressed population at heart would have made the most of President Bill Clinton's recent extension of humanitarian, personal and cultural contacts with the Cuban people. But not the Communist dictator Fidel Castro.

Instead of permitting citizens modest relief, he tightened the existing restrictions on contacts with the United States. Given a fresh choice in alternate post-Cold War circumstances between improving the lot of his people and protecting his power, he has again chosen the Stalinist way.

The Clinton offer of January included small steps designed to wiggle between an easing of the lonely, long-standing American embargo on trade and investment and a stiffening. The American political debate unfortunately leaves little room for more.

Still, the visit to Cuba by Pope John Paul II a year earlier had kindled hopes that Mr. Castro was now inclined to extend certain personal liberties and contacts. It seemed possible that he could live with these initiatives without being paralyzed by the thought of losing power.

The hopes were misguided. President Clinton made a gesture of

acknowledgment of the Pope's criticism of the embargo as unjust. Mr. Castro responded by enacting a "Law for the Protection of Cuba's National Independence and Economy." It threatens penalties of 10 or 20 years for any Cuban citizen who in the regime's eyes lends himself to the "subversive" proposals of the United States.

This is how Mr. Castro means to handle the brave and small but seemingly irreducible number of dissidents, including independent journalists who do our calling good.

At face it is strange that Mr. Castro should think that the contact proposals could contribute to his overthrow. This is a man who by combining police rule and Cuban nationalism has endured — to him his greatest triumph — everything the United States could throw against him in nearly 40 years.

But, having survived an invasion and many assassination plots, Fidel Castro may wonder whether he can also survive the belated American effort to help construct a civil society of non-Communist social and interest groups. The Cuban dictator may know better than anyone what his vulnerabilities are.

—THE WASHINGTON POST.

Economic Growth Requires Good Governance

By Kim Dae Jung and James D. Wolfensohn

SEOUL — This Friday and Saturday, Nobel Prize winners, former heads of state, representatives of civil society and prominent academics gather for a conference in Seoul on "Democracy, Market Economy and Development." The goal will be to start a long-overdue discussion on the effects of governance on economic growth. The reason for the conference should be obvious.

Let us begin with a personal note. One of us fought a lifetime for democracy before becoming president of his country. The other, as president of the World Bank, is committed to the fight against poverty.

As president of Korea, my overriding goal is the political, economic and social health of my country.

As president of the World Bank, my job is to help create a world in which there are fewer hungry children, where economic growth is expanded and made more stable, and where development is driven by the people it is intended to help.

What brings us together in this conference is the shared goal of understanding better what conditions precipitate and enhance economic growth. We have had opportunity to talk in the past year about what happened in East Asia, as well as in other parts of the world. We talked at length about our ideas, and our ambitions, for building a global economy open to all people. These discussions have been enormously fruitful, and we are now trying to widen the range of ideas.

We started with what we got right. We have known for years that widely shared economic growth depends on a range of factors. Governments must make investments in basic health care

and education within the context of sound economic policies, strengthened infrastructure, safer air and water, and modern technologies to convey and share knowledge. These principles were at the heart of the remarkable economic success that East Asia achieved in the past decades.

Multilateral institutions go much to support these programs by assisting governments with a comprehensive approach to development, generating partnerships and broadening the exchange of ideas and experiences.

But, as we have seen in East Asia in the last 18 months, this is not enough.

Effective, accessible public institutions are a necessary condition for stable growth.

Development is about more than the right policies; even about more than good social investments. Development, in short, requires good governance, meaning open, transparent, accountable public institutions.

In a market economy, growth, if it is to be lasting, must be regulated — not overregulated, but guided by public institutions and private professional conduct which establish a foundation of transparency and fairness in economic life. There is no substitute for this transparency. This means accessible courts, effective bankruptcy laws, sound securities and competition regimes, and strong anti-corruption policies.

We have, thankfully, moved beyond stale debates about whether government is good or bad for market economies. All agree that effective, accessible public institutions are not just conducive to but a necessary condition for stable growth.

Governments, therefore, must continue to reform. But not just governments. Principles of integrity and accountability are equally important for the private sector. The argument that dynamic growth requires a sacrifice in transparency and accountability has, at long last, been buried. Free markets cannot work behind closed doors.

Markets will place great pressure on the private sector to reform. A prominent investment bank, for example, recently highlighted corporate governance as a primary factor in its investment recommendations in East Asia; and Standard and Poors is increasing its focus on corporate governance practices when issuing debt ratings for corporations as well as countries.

In a world market that pivots on the speed and perceived credibility of information, journalists must be free to uncover market information, both good and bad, and stock exchanges must be able to provide data instantaneously. Governments and business must work together to ensure that such information is available.

The Seoul conference comes at a propitious time. First, we have in East Asia a unique opportunity to fix the problems we know need fixing. This window will not be open forever. The promising indications of recovery we are seeing are a testament to the hard work of Koreans and of other

people throughout the region. But we have much more work to do.

We must not let this opportunity slip, nor should we allow a return to positive growth to tempt us into forgetting the fundamental institutional reforms so necessary to ensuring good governance and transparency.

Second, the world is watching what we do here. We can set the tone for what a future global marketplace will look like. As world leaders prepare to draft a global financial and economic architecture, we must step forward and insist upon a shared set of principles that will provide the ground rules for that marketplace.

No country can have reforms or practices imposed externally. It does not work. Korea will differ from India which will differ from Australia. But surely we can agree that transparency in financial markets is central; that court systems should be open and accessible to all people; that credit and financial services should be available to women.

The global economy must, in short, be open to all people if it is to endure. We must have confidence in the integrity of markets and the probity of those who run them, in both the public and private sector.

Finally, people are demanding change. Financial crises are really human crises. Politicians can no longer ignore the manifest urgency of building economic development in parallel with an environment of social and human justice. This has profound implications.

People simply will not support a world economy which is exclusively about growth rates and private capital flows. It must be about more than that.

International Herald Tribune.

Americans Have Not Decided What to Be in the World

By Flora Lewis

PARIS — From the mouth of Madeleine Albright at Rambouillet, the United States sounds very tough and determined to lead coalition of muscular power. The secretary of state more or less took over the last round of talks about Kosovo, and while the "ultimate deadline" for either agreement or NATO bombing was put off once more, she did seem to force progress toward a compromise settlement.

To hear leading Republican strategists, the Clinton administration is going too far out on a limb and will not be able to sustain congressional and public support for its interventionist, shape-up-the-world ideas.

To hear editors, academics, politicians, Americans are not interested in foreign news and do not want to be involved in foreign quarrels, like Kosovo. Parents of American teenagers say they worry that interventionism will lead to sending more and more troops abroad and to renewal of conscription.

The signals are completely mixed. For the French, the United States has become the "hyper-power" determined to tell everybody else what to do. Ironically, France has moved from the traditional Gallicist insistence on independence and going its own way as the best counter to what it fears as American hegemony to a new insistence on multilateralism. It is an admission that it takes conscious group pressure to keep American power cooperative. France can't block it alone.

There is a remarkable gap between the role that America seems to seek in the world, when it talks of leadership and a new "strategic concept" for NATO to meet asserted global challenges, and how Americans see themselves. The end of the Cold War has not brought any clear idea of what to do now.

A curious Defense Department announcement indicates that some people are trying to think up ways to simplify attitudes once again and mobilize patriotic urges. Starting on April 5, the U.S. Army will take applications for a certificate stating that "In recognition of your service during the period of the Cold War (Sept. 2, 1945, to Dec. 26, 1991) in promoting peace and stability for this Nation, the people of this Nation are forever grateful."

From 18 to 22 million members of U.S. armed forces in that period and an unestimated number of federal civilian employees are eligible, the announcement said, although it foresaw that only about a million would ask for the document.

The date given starting the Cold War immediately after the end of World War II and a brief, strangely distorted history of the confrontation add to the peculiar impression. A call to the Pentagon's office of public affairs to ask whose idea this was and why it is suddenly proposed now produced only increasingly irritated repetition of the announcement, and the charge that

the questions were "hostile."

So the explanation can only be speculative. The armed services are all concerned about a lack of recruits that is leaving ships short-handed and units undermanned, forcing a reduction of enlistment standards.

But the reason is obviously nearly full employment, not lost dreams of glory that a certificate might revive. There are signs of nostalgia for what, in fuzzy memory, seems to be Cold War unity of purpose and support for the military. It is intriguing to wonder what the authors of this idea (the certificates will be signed by Defense Secretary William Co-

hen) thought they would achieve, but it is evident that the Pentagon feels it is losing connection with civil society.

The Clinton administration has proposed a considerable increase in military spending over the next five years. Right-wing Republicans are demanding even more. But the arguments made are a combination of pork-barrel benefits for various congressional constituencies and exotic notions such as "cataclysmic terrorism" and strategic missile defense, not the pay raises and readiness support that the military really wants.

There simply is not much basis for saying "there is what the United States intends to do" these days. Or rather there is

some basis for a whole series of contradictory descriptions, from imperial diktat to utter disinterest. Not unless there is some huge new challenge, much worse than anything on the current horizon, are foreign affairs and U.S. relations with others likely to be a major issue in the next election campaign. Americans are not all that sure about what they want to be and what they are prepared to do for it. If the Pentagon's Cold War summary is reflective, the past is already a big blur and the present is a puzzle. In these circumstances, America's partners can have more influence than they suppose, if they do know the kind of world they want to see.

Flora Lewis.

Think It Through and Then Explain

By William Safire

WASHINGTON — Long neglected in American governance is the presidential demonstration of wide-ranging competence. That executive reach used to be displayed at the once formal news conference. Reporters ask some 20 questions; the president, who has prepared answers for four times that many, fields them adroitly.

To prepare for "question time," as parliamentarians call it, a president's entire administration is forced to make foreign and domestic policy decisions. This discipline creates agonized, late-night sessions throughout the bureaucracy.

That is the serious business

of running the country. But

since he burdened the nation with the Lewinsky affair, Mr. Clinton has been in relative seclusion; the last formal East Room news conference was 10 months ago. He had excuses. His lawyers would not let him; the press corps would focus on the scandal. But because his hibernation from access coincided with a rise in his job approval rating, the tradition of regular questioning has been called into question.

Another useful tool for governing well has been all but abandoned: the thoughtful speech. Not the hour-long State of the Union blockbuster that touches on everything and deals with nothing. Not the four-minute radio spot that urges reduced class sizes.

Missing are the serious addresses that get little coverage but show that the administration has an economic philosophy or an intellectual framework for its foreign policy.

Whoops! I just used the dread "I" word. But reviving the national radio address, recalling FDR's usage, was my baby back in the campaign of 1968. As the press was rolling its eyes at the Nixon stump speech, we astounded eggheaded critics with a weekly series of substantive,

20-minute radio speeches. Drove 'em batty, having to slog through philosophical rumination trying to find a lead.

But such mental ferment and internal debate help the man at the top figure out where he wants to take the nation. Mr. Clinton, the reputed policy wonk, is presumably capable of this.

On Kosovo, Americans do not need a nibble about NATO solidarity, or four minutes of dire warnings about rubbery deadlines. We need someone to explain which lessons drawn from Bosnia apply to Serbia.

What is our military role in Europe no longer faced with a Soviet threat? What does America expect from NATO outside Europe? When does a confirmed multilateralist go it alone? What sacrifices in blood and treasure are we prepared to make to help Palestinians and Kurds and Kosovars and African tribes achieve — what? Independence? Autonomy? Unity? Are all civil wars intolerable?

Maybe sober analysis would be met with a national yawn, or comes too late for the present White House residents as they devise their exit strategies. But we can hope that future presidents will restore the traditions of answering and explicating that will help them think more deeply and govern more effectively.

The New York Times.

Now, Turkey's Biggest Challenge

By Mehmet Ali Birand

ISTANBUL — Abdullah Ocalan, leader of the PKK, probably never dreamed that he would be captured alive by the Turkish authorities. He was obsessed with his safety. When I first interviewed him in 1985 in the Bekaa, he told me that in the event of an ambush he had ordered his bodyguards to kill him rather than let him be captured by the Turks.

The ordinary Turk is just as surprised. People did not think they would ever see the country's most wanted criminal captured alive and being held in a Turkish prison.

Mr. Ocalan traumatized Turkey for 15 years. He commanded a guerrilla group responsible for 30,000 deaths and at least 50,000 wounded. The monetary cost of this struggle has added up to \$65 billion, it has otherwise taken a horrific toll on the country — millions of people have been uprooted from their village homes, and Turks have had to live with rampant inflation of around 85 percent.

The war has also torn the country apart. The population has been polarized, while human rights and democratic process have been, in many ways, shelved. The conflict has bred a sense of hopelessness, and Turkey has been weakened both within and without its borders.

Most importantly, PKK terrorism has prevented Turkey from tackling the core of the Kurdish problem.

With the capture of Mr.

Ocalan, however, we are witnessing a spectacular change of mood and attitude. After all these long years, the country is suddenly awash with the hope that it might be able to solve the one problem that has been hampering our development for so long. There is a new self-confidence and excitement in the air.

People who previously held altogether opposed views on how to deal with the problem are now coming together. There is a widespread feeling of a new page being turned in Turkish history, of a chance for a completely new start. Even the most militant among Turks, those who held out for a total military solution, are now voicing sentiment that it is time to change.

The immediate matter on everyone's mind is that Mr. Ocalan be tried in a manner that will be deemed fair in international circles. Public opinion is very sensitive on this issue. People are excited about being able finally to prove to the world that the old charges against Turkey have not been true, that despite its many shortcomings Turkey operates in a just and legal manner.

The second challenge facing Turkey is how it will tackle the Kurdish problem. Everyone now seems to understand that the task at hand is to solve the Kurdish problem. A general view is that

even if the capture of Mr. Ocalan represents a tremendous blow for the PKK, it does not automatically spell the end of the resistance movement.

But it is believed that if the country goes into action now it will be able to free itself from the swamp in which it has been stuck for so long. To do this it must quickly set into motion a number of cultural, social and economic reforms and must be willing to pass in short order a law granting some sort of amnesty to those living in the mountains or wasting in prisons who have not been guilty of heinous crimes. The restrictive laws that are part of the State of Emergency Act must be relaxed.

It was not long ago that mere discussion of such steps provoked long debate. Many believed that such actions, taken before PKK terror had been brought under control, would be a sign of weakness or capitulation. This attitude is now changing.

A broad consensus is forming. It encompasses the military, political hard-liners, members of the press corps and even ordinary citizens who have lost relatives to PKK terror. Turks hope that a cleaning of the slate can solve the Kurdish problem. This is the biggest challenge facing the country.

The writer, a Turkish journalist and commentator, contributed this column to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Swedish Civility

PARIS — General Rappe, the Swedish Minister of War, was placed under arrest for a curious offense. A few days ago, the people were astonished at beholding the Minister of War walking in uniform, surrounded by a shiny "topper," instead of the regulation cocked hat and feathers. Unconscious of his grotesque appearance, the general walked into the Palace. Notwithstanding the Royal smiles, General Rappe was ordered to remain under arrest for three days for his absent-mindedness.

1924: Female Presence

PARIS — [The Herald says in an Editorial:] There will be 500 women delegates in the Democratic National Convention. To every trio of male delegates there will be one female delegate. This suggests the motive of a statement made by Mrs. Emily Blair,

chairman of the women's branch of the Democratic party. "The fact that they are women will not change the proceedings. Occupational bias (interest of women in home affairs) will play no part in the party platform." Mrs. Blair adds: "These women would not have been chosen had they not shown the same ability as the men."

1949: Grip of Tyranny

BRUSSELS — Winston Churchill said that "the ultimate purpose" of the movement to unify western Europe was the "deliverance" of continental peoples "held in the grip of a tyranny more permanently devastating than that of Hitler." Speaking at the first council of the European Movement, Mr. Churchill addressed the "deliverance" part of his speech to representatives of Czechoslovakia, Hungary, Poland, Romania and Yugoslavia.

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OPINION/LETTERS

Wise Tax Policy Promotes Sharing in Good Times

By Frank Levy and Iris J. Lav

NEW YORK — "A rising tide lifts all boats," John F. Kennedy often said, referring to the power of economic growth. Republicans have often cited his words in their recent push for a 10 percent across-the-board cut in the U.S. income tax. Much to their surprise, however, voters have been cool to their idea, which has been portrayed as a tax cut for the rich, and party leaders seem to be backing off.

Why haven't Americans responded to the former president's logic? A rising tide is a strong metaphor, but an honest economist will tell you that growth is not always so beneficial. In Mr. Kennedy's time, a lack of formal education was no obstacle to getting a good job. A farm laborer, displaced by mechanization, could get on a bus to a city and find a factory job at higher pay.

Today, the economy heavily favors the better educated. Now, when technology or trade displaces a semi-skilled worker, moving to a good job means getting the training to become a computer repairman or a laboratory technician — a harder move than just getting on a bus.

In the past two years, very tight labor markets have raised all American workers' wages. But in the past two decades, the labor market has changed much faster than people have been able to change their skills.

Less educated men and women take a double hit: They are the workers most hurt by change, and they are the parents who must make the biggest improvements in their children's educations to avoid repeating the cycle.

Since good times do not automatically benefit everyone, winners need to use some of their extra income to compensate losers. If they do not, then more people will stop supporting policies that encourage growth.

In practice, this means that tax policy should work to soften — not reinforce — the distribution of the benefits of growth.

The Republican leaders' proposed tax cut would work in the opposite direction. It would increase income inequality.

A study conducted by the Institute on Taxation and Economic Policy showed that the 10 percent of taxpayers with incomes above

\$90,000 would receive more than 55 percent of the benefits of this across-the-board cut — an average of \$3,000 a household.

The three-fifths of taxpayers with incomes below about \$38,000 would receive a little more than 10 percent of the benefits — an average of \$100 a household.

And then there are the nearly 35 million households, 27 percent of all taxpayers, with incomes too low to pay any federal income tax, although they pay other federal taxes. So parents supporting two children on earnings of less than \$25,000 a year would get no help at all from the Republican plan.

This is not the time to make income inequality worse. Few economists believe a large tax cut is the best use of the budget surplus. But if Congress wants a modest tax cut for these prosperous times, it should focus on helping low- and moderate-income families. No standard strategy — a cut in income tax rates, a new deduction, a nonrefundable credit — accomplishes this goal.

If a new plan includes a tax credit, it should provide a refund check to families paying no income tax, much as the current earned income tax credit does.

President Bill Clinton's proposal for universal savings accounts, which would provide subsidized savings for low- and moderate-income workers, similar to 401(k) plans, could accomplish this goal.

In addition, the tax cut should provide few if any benefits to the 10 percent of taxpayers with the highest incomes who have already secured the largest gains from the strong economy.

Continued growth depends on maintaining support for markets — and building a healthy base for the time when the economy is no longer stellar. If winners see no reason to compensate losers during the good times, free markets will lose in the long run — and we may all be losers then.

Frank Levy, an economist at the Massachusetts Institute of Technology, is author of "New Dollars and Dreams." Iris J. Lav is deputy director of the Center on Budget and Policy Priorities. They contributed this column to The New York Times.



LETTERS TO THE EDITOR

Monitoring Food Aid

Regarding the editorial "North Korean Challenge" (Feb. 16):

The allegations that food aid is diverted to the army and party cadres in North Korea are at odds with the World Food Program's experience in distributing food there. The World Food Program carefully monitors the distribution of its food aid in North Korea, both upon arrival in the ports and at the institutions through which assistance is provided.

We premise our aid upon access to North Korea's counties for monitoring purposes; if we do not get access to a country, it does not get our food.

This monitoring has shown that our food aid reaches the intended beneficiaries: children aged from six months to 10 years, pregnant women, nursing mothers and hospital patients. Under our current operation, we are feeding about 6 million people.

The food commodities we provide — chiefly maize and wheat — are of no interest to members of the army or ruling elite. They prefer rice, and they have prime access to it.

In any humanitarian operation, there will be some minor losses or diversions, but it is misleading to suggest that in North Korea significant amounts of food are going unaccounted for.

JUDY CHENG-HOPKINS, Rome.

The writer is the World Food Program regional director for Asia and the Commonwealth of Independent States region.

The Unsettled Mideast

Regarding "Turks and Kurds: Here Comes a Turbulent New Mideast" (Opinion, Feb. 23) by Robert D. Kaplan:

Mr. Kaplan is right that the Kurdish problem "lifts the curtain on the 21st century in the Middle East," but he does not go far enough. The Kurdish question could have huge implications for Saudi Arabia and the Gulf states, as well as Turkey, Syria, Iraq and Israel.

A failure to resolve the decades-old demand for Kurdish self-determination risks encouraging fundamentalism and separatism throughout the region, as well as territorial conquests by countries anxious to control "terrorism" and water resources.

Alas, Mr. Kaplan is wrong in suggesting that the Kurdish question may supplant the Arab-Israeli conflict. On present form, the Palestinians, like the Kurds, will still be subject to occupation and their lands to settlement by their neighbors. To that must be added the threat of economic, and possibly political, disruption in the Gulf as oil prices continue to stagnate.

PAMELA ANN SMITH, London.

Crime and Punishment

In response to the report "Execution Goes Ahead in the Philippines" (Feb. 6):

The debate in the Philippines on the application of the death penalty should be spared to effectively punish crime and protect public safety, while also rehabilitating criminals. There is no need to put anyone to death. The increasing crime rate is nothing but a manifestation of the breakdown of moral values. A concerted effort by parents, schools, the government, religious communities and the mass media is needed to reconstruct the moral base of society.

ROSE CATACTAN, Rome.

About a Library-Helper

In Response to "Doing Well by Doing Good" (Business/Finance, Feb. 22):

The article cites criticism of Bill Gates's philanthropy through the Gates Learning Foundation, which provides for public-access computers in libraries. Where I live, library users are charged a yearly fee, which entitles them to borrow one book at a time and to access the Internet. I wish we had something like the Gates Learning Foundation to criticize.

RUBIN KRECHMAN, Kiryat Motzkin, Israel.

A Horror Beyond Bearing, While Once Crowds Came

By Brent Staples

NEW YORK — The family of James Byrd Jr. got a measure of justice this week when one of the white supremacists who dragged Mr. Byrd to death behind a pickup truck was found guilty of first-degree murder in Jasper, Texas.

Mr. Byrd had been beaten. But the prosecution showed that he was alive when John William

Memphis Negro paper, called called Free Speech, was Ida Wells. Miss Wells, then 23, protested the killings, attributing them to white competitors of the black businessmen. After she spoke out, a white mob destroyed the paper's offices, forcing her to flee. Later, in New York, she published her pamphlet "Southern Horrors."

She described the lynchings in a documentary style, using the words of participants. Of an 1899 lynching in Maysville, Kentucky, she wrote: "William Coleman was burned to death ... slowly roasted, first one foot and then the other, and dragged out ... so that the torture might be prolonged."

As the lynching crowds grew, she wrote: "Not only has life been taken by mobs in the last 20 years but the ordinary procedure of hanging and shooting have been improved upon during the last 10

MEANWHILE

King and two other men chained him to the bumper and raced three miles along a logging trail and a backroad road.

During the dragging, Mr. Byrd turned over and over to relieve the pain as his flesh was torn away and his skeleton was ground up on the backroad. He finally died a mile and a half out, when the truck took a sudden turn and his head and arm were severed by a metal culvert.

These facts are beyond bearing for anyone with an ounce of human feeling. But the salutary lesson of this case is that what Americans deem acceptable can change dramatically from one period to the next. What virtually everyone views as commonplace and even as acceptable entertainment a half-century ago.

Lynching, for example, began during Reconstruction as a method for intimidating former slaves who were attempting to vote and exercise their human rights. Nearly 4,000 Americans were lynched from 1880 to 1930, according to the records center at the Tuskegee Institute in Alabama — many of them burned, tortured, mutilated or dragged, like Mr. Byrd.

The victims were often affluent men and women who had competed with and angered the white establishment. The main actors were usually people like John William King, aimless young men in their teens and 20s, marginal to society, with anger to burn. The bloody work they performed was often attended by crowds who came for entertainment.

The lynchings peaked in 1892, when 161 of them took place, or nearly one every other day. Among the victims that year were three young Memphis businessmen who had apparently generated enmity among their white competitors.

At that time the editor of the

Nearly 4,000 Americans were lynched from 1880 to 1930.

years. Fifteen human beings have been burned to death in different parts of the country by mobs. Men, women and children have all gone to see the sight, and all have approved the barbarous deeds done in the high light of Christianity.

Through work like this, Miss Wells rallied anti-lynching sentiment. But of tens of thousands of lynchings and watchers, only 49 were indicted and only four sentenced to jail up to 1930. The courts, the police and even the local clergy adopted an attitude of silent acquiescence.

The only solace in the Jasper affair is that a town and a country that would once have viewed this death as unremarkable have been repelled by it.

The New York Times

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The Hollywood Hills condo in which "Hurlyburly" is set is filled with rotting fruit, dying houseplants, empty cartons of junk food, Valium, the residue of old coke lines and ashtrays overflowing with roaches (not the insect variety). The decor of decay and decadence is an apt metaphor for the moldering morality of its film-biz striver occupants. Eddie (Sean Penn) and Mickey (Kevin Spacey) and their equally screwed up pals Phil (Chazz Palminteri) and Artie (Gary Shandling). Based on David Rabe's 1984 play about the scum washed up in the Tinseltown surf and modified by Rabe for this screen adaptation from director Anthony ("Zebrhead") Drazan, "Hurlyburly" has lost one of the stage play's corrosive humor or blisteringly tragic dimensions. It has also retained, unfortunately, a bit too much of the drama's talkiness, although Drazan and Rabe have done wonders to open up the action, moving some of the conversation out into the streets of L.A., where the protagonists chat by cell phone from adjacent cars or drive from one end of the parking lot to another to avoid walking 50 feet. In fairness, these are the folks — casting agents and struggling actors — who schmooze for a living, and they do so in a town where tortured introspection is a sacrament, so perhaps the glib gab-fest is not that unusual. As the quartet of impeccable actors endlessly yammer with each other and abuse and pass around their long-suffering women (Robin Wright Penn, Anna Paquin and Meg Ryan), they come across like a club of overgrown boys who have lost the decoder rings that would enable them to understand each other — and themselves. (Michael O'Sullivan/WP)

In Singapore's Waters, an Island for Pilgrims and Turtles

Boeing Vows Self-Discipline to Try to Rebound From Loss

By Laurence Zuckerman
New York Times Service



Philip Condit, the chairman, says, "There are no sacred cows."

NEW YORK — After 18 tumultuous months during which it posted its first annual loss in 50 years and saw its stock price drop, Boeing Co. has promised to impose strict self-discipline and says its two top executives will get no bonuses.

Speaking to Wall Street analysts in Orlando, Florida, on Wednesday, Philip Condit, the chairman and chief executive, said that Boeing, the world's largest aerospace company and the single-largest American exporter, was reviewing all of its operations in a relentless effort to increase profits. Any program that did not measure up would either be dropped or sold.

"Nothing escapes scrutiny here," he said later in a conference call with reporters. "There are no sacred cows."

A preliminary assessment made by the company found that about 10 percent of its \$13 billion in equity had been invested in unprofitable operations. A further \$2 billion is invested in operations that merely break even. The

good news was that 25 percent of the equity was making a better return than the most profitable companies in the Standard & Poor's 500 stock index.

Deborah Hopkins, Boeing's new chief financial officer, who was hired from General Motors Corp. late last year to try to introduce some financial discipline, said the company would fix or eliminate its "value-destroying" operations and maximize the returns on those that hovered near profitability.

"This isn't a program of the month or a flavor of the month," she said during the same conference call. "This is the way we are going to run the business at Boeing. Forever."

That tough talk could translate into some wrenching decisions for Boeing, such as canceling the slow-selling new 100-seat 717 passenger jet that it inherited when it bought McDonnell Douglas Corp. in 1997.

It could also heighten tensions with the International Association of Machinists, Boeing's largest union, as the two sides approach contract negotiations this year. Included in Boeing's

review will be a decision on whether it makes more sense to continue producing components itself or to buy them — a hot-bum issue for the union.

And it also raises questions whether Boeing, which was catapulted to its current prominence in large part by daring to build a new airplane — the 747 — that nearly sank the company before becoming one of its biggest successes, will ever be able to take the same kind of high-stakes risks that have characterized the commercial aerospace industry since World War II.

Mr. Condit has been talking about increasing shareholder value at Boeing for years. His credibility with Wall Street was stretched to the breaking point last year after his assurances that things were improving repeatedly turned into additional quarterly charges and a steady decline in the company's profit targets.

Boeing's 1998 performance was so poor — its stock declined 32 percent — that Mr. Condit and Harry Stonecipher, the former chief executive at McDonnell Douglas who is now Boeing's pres-

ident, will not receive annual bonuses, Mr. Condit said.

Analysts who attended the meeting welcomed Boeing's latest moves, although they said they were long overdue and short on specifics. "It is amazing that we are at this point and they are only now figuring out how to drop the losers and keep the winners," said Nicholas Heymann, an aerospace analyst with Prudential Securities.

Howard Rubel, an analyst at Goldman Sachs, said, "There is no reason why there won't be a certain amount of cynicism by investors partially because these changes can't happen overnight."

Boeing's stock fell 62.5 cents to close Thursday at \$35.

Lately, Boeing's operations seem to be improving. The company predicts that revenue will fall to \$49 billion in 2000 after peaking at \$58 billion this year, thanks to a record number of commercial airplane deliveries. Operating profit margins are expected to range between 3.5 percent and 5 percent next year, compared with an estimate of 4

percent to 5 percent this year. But on Wednesday, Ms. Hopkins said operating margins would not fall next year despite the lower revenue.

Besides improving its current operations and selling off some units, such as its commercial helicopter unit, Boeing has revived the idea of expanding into aerospace services such as airplane maintenance.

"There are 10,683 Boeing jets flying around the world," Ms. Hopkins said. "The question is: What are we doing to capture our fair share of that services market? And the answer today is: Not enough."

She said that expanding into services such as overhauling jets for airlines would create new jobs that could counter cuts in other parts of the company.

But it may also cause some diplomatic problems for the company because many of its largest airline customers are also competing in the services arena. Mr. Condit said he was aware of the problem but thought there were enough opportunities for Boeing to steer clear of its customers.

Telecom Fights New Olivetti Bid

Executive Is Said to Quit In Dispute Over Strategy

Compiled by Our Staff From Dispatches

MILAN — Telecom Italia, its hands tied after Olivetti redrew its \$58 billion hostile takeover bid, was meeting late Thursday to discuss moves to bolster shareholder value and help fend off the bid amid reports that its chief financial officer had resigned.

The executive, Fulvio Conti, quit after disagreeing with Telecom's chief executive, Franco Bernabè, on how to repel the Olivetti bid, people familiar with the matter said Thursday. Mr. Conti could not be reached for comment, and Telecom Italia would neither confirm nor deny that he had resigned.

Olivetti's second strike in the increasingly fraught battle for Europe's fourth-largest telecommunications concern stuns Telecom from approving any defensive action without securing shareholder approval.

But Mr. Bernabè was expected to spell out his strategy for slashing costs at the former monopoly by selling off non-core units.

Telecom's board meeting was expected to flow into a board meeting of the cellular unit Telecom Italia Mobile. A spokesman said the company would probably issue a statement later.

The spokesman disclosed no details of the agenda for the meeting, one of the most keenly watched since Mr. Bernabè took the helm in November.

The cornerstone of his strategy as outlined in recent interviews is a merger of Telecom Italia with the Italia Mobile unit, a move that would make strategic sense and might make Telecom too expensive for Olivetti's already stretched finances.

Pressed by the stock market regulator Consob on Wednesday to confirm or deny the merger plan, Telecom said no such action had been formulated or put to the board but said it had been discussed.

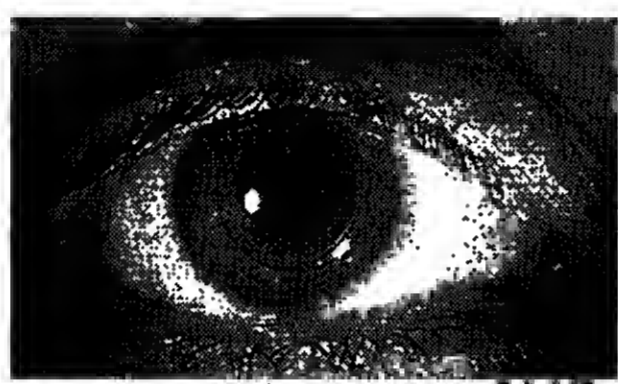
Under new rules on corporate takeovers, the board will need approval from holders of 30 percent of Telecom stock if Mr. Bernabè wants to go ahead. It could call a special shareholders' meeting to get that consent.

Telecom Italia shares fell in a generally weak market as Olivetti's decision not to raise its bid, though widely anticipated, took the froth off prices that had surged above Olivetti's offer of 10 euros (\$11) a share made Wednesday.

Telecom closed down 4 percent at 6.27 euros, while Olivetti slid 6.9 percent to 2.74 after unveiling further details of the financing for the bid.

In its first reaction to the renewed offer, Consob asked Olivetti to provide details of the sale of its interests in the cell-phone firm Omnitel and the fixed-line Infostarda company to its German partner, Mannesmann AG.

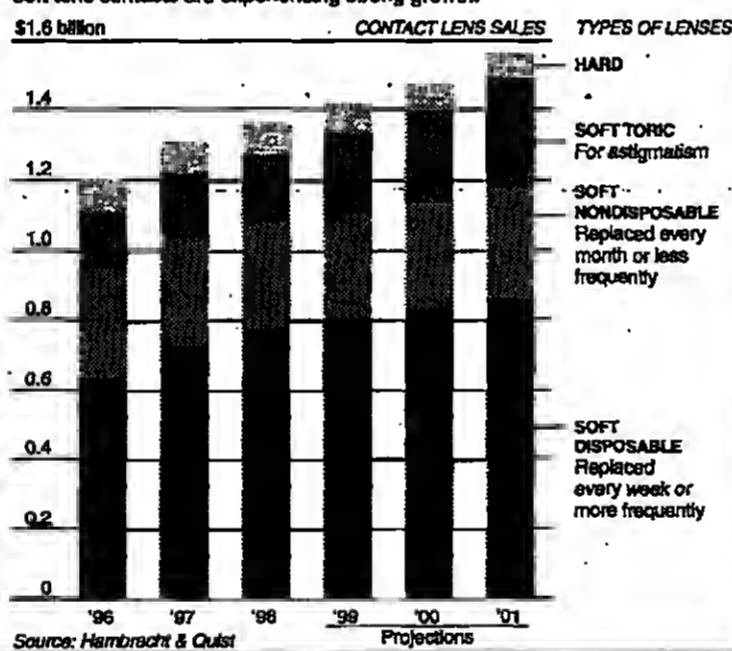
The deal, signed Wednesday and expected to raise more than \$8 billion, is conditional on Olivetti's bid succeeding. (Reuters, Bloomberg)



A patient's eye after a polymer arc implant for myopia.

Clear Potential

Developers of surgical eye implants hope to take advantage of increasing frustration among contact lens wearers. Only sales of disposable soft and soft toric contacts are experiencing strong growth.



Better Eyesight in View

New Corneal Implants Offer Help on Myopia

By David J. Morrow
New York Times Service

NEW YORK — After wearing glasses for 31 years, Deborah Ward jumped at a chance last May to give them up. Instead of receiving laser surgery, an alternative to contact lenses and eyeglasses, Ms. Ward had clear polymer arcs implanted in her near-sighted right eye.

The arcs, known as Intacs, are an experimental treatment made by Keravision Inc., a tiny California company. The arcs, which can be inserted during a 10-minute procedure in an ophthalmologist's office, flatten the cornea to correct mild nearsightedness, or myopia.

"I never had vision this good," said Ms. Ward, 38, an accountant in Olathe, Kansas, who took part in the Intacs clinical trials. Her eyesight improved from 20/20 with glasses to 20/10 with the implants.

"It's nothing short of amazing,"

she said. "I've gone around and told all my friends about it."

If the U.S. Food and Drug Administration, as expected, approves Intacs this spring, it will be the first surgical corneal implant for vision correction to be sold in the United States.

At the same time, companies such as Bausch & Lomb Inc., the contact lens giant, and Starr Surgical Co., a small California concern, are racing to develop other types of eye implants, technologies that are similar to Intacs and essentially are permanent contact lenses.

Still other developments are under way. Presby Corp., a small biotechnology company in Dallas, is developing a plastic implant that would eliminate the need for reading glasses and bifocal lenses. Early clinical trials are set to begin in the United States next month.

All these products, which could be

See EYES, Page 14

U.S. Economy Shows Strength

Strong Data Rekindle Expectations Fed Will Raise Interest Rates

Compiled by Our Staff From Dispatches

NEW YORK — New orders for big-ticket durable goods shot up at the fastest pace in 14 months, while sales of existing homes climbed to an all-time high in January, indicating that the U.S. economy had plenty of momentum as it entered the new year, government reports showed Thursday.

Stocks and bond prices tumbled, meanwhile, as stronger-than-expected reports on factory orders, jobs and home sales rekindled speculation that the Federal Reserve Board could raise U.S. interest rates.

"The market is rethinking the Fed's position," said John Burgess of Bankers Trust Global Investment Management in New York.

The Federal Reserve, worried about a possible uptick in inflation, has been looking for a slowing in the U.S. economy after three years of rapid expansion. But the Federal Reserve Board chairman, Alan Greenspan, hinted this week in testimony to Congress that if this slowdown did not occur, the Fed would

be ready to move quickly to raise interest rates to make it happen.

The markets got evidence that the economy was expanding. The Commerce Department said Thursday that durable-goods orders rose 3.9 percent last month as a December surge in aircraft orders at Boeing Co. finally showed up in the government's data. It was the biggest gain in orders in more than a year and came on top of a 3.4 percent increase a month earlier. Analysts had forecast a small decline for January.

January orders for durable goods, or items expected to last three or more years, increased by \$7.7 billion. Most of the strength came in a huge \$7.1 billion rise in transportation orders, primarily reflecting a big gain in orders for civilian aircraft, an extremely volatile sector. Aircraft orders shot up 145.1 percent in January after having fallen 29.6 percent in December.

Durable goods excluding transportation were up a more modest 0.4 percent in January.

In a separate report, sales of existing

homes climbed to a record seasonally adjusted annual rate of 5.07 million units in January, a 0.8 percent increase from December, according to a survey by the National Association of Realtors. Last year's sales total of 4.8 million houses was the best ever.

Sharon Millett, president of the association, said the healthy resale activity over the past few months reflected "strong" consumer confidence in the nation's economy and continued low mortgage interest rates. "This economy has benefited all segments of the residential market," she said.

The two back-to-back sizable gains may call into question the prevailing view that the U.S. economy will slow this year as world financial troubles and a rising trade deficit create a sizable drag on what up until now has been strong domestic demand.

Meanwhile, the Labor Department said the number of Americans filing new claims for unemployment benefits fell

See ECONOMY, Page 14

South Korea Documents Its Rebound

On President's Anniversary, Statistics Show Jump in Production and Sales

By Don Kirk
International Herald Tribune

SEOUL — On the first anniversary of the reform-minded Kim Dae Jung as South Korea's president, the government rewarded itself Thursday with a variety of upbeat statistics portraying the nation's economy as being on the mend.

Industrial production was 14.7 percent higher last month than in January 1998, the National Statistical Office said. At the same time, it said, retail sales increased 2.8 percent year-on-year — the first such jump since before November 1997, when the

country appealed to the International Monetary Fund to piece together a rescue package of nearly \$60 billion.

"The economy has embarked on an expansionary cycle," said Song Keum Young, an official in the government's National Statistical Office.

A range of other statistics indicated the economy had hit bottom and was on the upswing. One telltale sign was a government report that investment in new machinery, needed to build the products that South Korea exports to the world, should rise 8.8 percent after dropping 34 percent in 1998.

Michel Camdessus, managing director of the International Monetary Fund, captured the upbeat mood in a talk Wednesday in New York.

Less than three months ago the fund predicted a 1 percent drop in South Korean economic growth, he said, "but the people of Korea were so courageous, and the program worked so well, that we have already had to correct our forecast" to a 2 percent increase for the year.

Some analysts, however, see the possibility of a relapse if big businesses do not move faster toward reform.

Lawrence Summers, the visiting U.S. deputy secretary of the Treasury, warned government and business leaders Thursday against "complacency" that he said could "put a brake on necessary restructuring" of the nation's economy. Mr. Summers reflected



Mr. Kim speaking on anniversary of his inauguration.

concern about the failure of the country's major conglomerates to make good on pledges for reform that he said were needed to restore economic stability.

Mr. Summers mingled criticism with praise for South Korea's "effective crisis response" in a year in which its currency has stabilized, foreign-exchange reserves have risen from almost none to

more than \$55 billion, and the gross national product is widely forecast to be growing about 2 percent.

In a speech before the American Chamber of Commerce, he seemed just as eager, however, to puncture the balloon of praise that Mr. Kim and other South Korean leaders have been heaping upon themselves in the past few days for rebounding from

an economic failure. "There is an important difference between recovering from a heart attack," Mr. Summers said, "and changing your lifestyle to be sure you never have another one."

Mr. Summers' remarks struck a chord among analysts worried that big business will return to its old habits of repressing competition and using easy credit to prop up unprofitable entities.

"Corporate restructuring stands in the way of a resurgence," said a report issued this month by the local office of Jardine Fleming Securities. "And the government stands in the way of corporate restructuring."

The report said that "policymakers have consistently shielded the incompetent management and unviable operations of big companies from market forces, inflicting serious damage on healthier competitors and the financial sector." The chaebol, it said, still suffer from "too much capacity, too much debt and too many people."

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EUROPE

Blair Warns
Train System
To Shape Up

Agence France-Press

LONDON — Prime Minister Tony Blair on Thursday assailed the poor performance of Britain's privatized rail network, threatening contract cancellations and fines for operating companies that do not improve and longer contracts for those that do.

"I want to make it perfectly clear to you that you are on trial," Mr. Blair told a conference attended by rail industry bosses and ministers. "Overall, the rail industry is not getting good enough results," he said. "It is not doing well enough. Its service standards are not high enough."

He told the rail leaders: "You are failing your customers, and those who continue to fail them have no place in the rail industry of the future."

Britain's state-owned rail system was sold to investors three years ago by the previous Conservative administration, forming 25 operating companies and a separate company, Railtrack Group PLC, to operate the rail infrastructure.

The latest government data showed that train punctuality declined on most routes in 1998, with the Virgin West Coast line, operated by the Virgin Rail Group, singled out as one of the worst-performing private operators.

Passengers complain that services are frequently late or canceled and that prices are far too high.

Mr. Blair said that operators must introduce fares "that don't break the bank."

The prime minister said that companies failing to make substantial service improvements would not have their operating franchises renewed. In contrast, those that did improve quality would have their contracts extended.

Deputy Prime Minister John Prescott said that he would subject operators to "tough" new performance contracts. The companies would be fined for failing to meet these targets, he said. "If you want it, we can have a running battle," Mr. Prescott told industry bosses. "But I don't want that. I believe you don't want it either."

Costs Hit DaimlerChrysler Profit

Compiled by Our Staff From Dispatches

STUTTGART — DaimlerChrysler AG, Europe's largest industrial company, said Thursday that its net profit fell 26 percent in 1998 after accounting for costs related to its takeover of Chrysler Corp. in November and for a special payout in 1997.

Excluding the 685 million euros (\$753.5 million) in takeover costs, Mercedes-Benz and Chrysler passenger cars and Airbus planes rose. But final net income fell to 4.8 billion euros from 6.5 billion euros a year earlier. Profit before the extraordinary costs rose to 5.2 billion euros from a pro-forma 4.06 billion euros in 1997.

Group sales rose 12 percent to 131.8 billion euros. The company said it would release results for each division at its year-end news conference in March.

"Fundamentally the company is doing very well," said Rolf Kants, an auto analyst with BHF Bank in Frankfurt. "It's definitely

a good start. There's nothing to worry about." DaimlerChrysler shares fell 3.75 euros in Frankfurt trading to close at 87.65. Analysts attributed the slide mainly to profit-taking, since DaimlerChrysler stock had outperformed the market in recent days while other automakers such as Volkswagen and BMW were slipping.

The company plans to pay a dividend of 2.35 euros a share, a large increase for former Daimler-Benz shareholders but a smaller one for former Chrysler shareholders. Daimler-Benz shareholders last year received 1.60 Deutsche marks (50 U.S. cents) a share, while Chrysler shareholders received \$1.50. The new dividend would be worth 4.60 DM or \$2.60.

DaimlerChrysler's Chrysler and Mercedes-Benz units both reported gains in the U.S. car market last year. Chrysler sold 2.51 million cars and light trucks, a 9 percent increase. Sales were spurred by new and redesigned vehicles such as LH sedans and Jeep Grand

Cherokee sport utility vehicles. Mercedes sales jumped 39.2 percent for the year to 170,245 units on the strength of its E-Class sedans and M-Class sport utility vehicle, pushing worldwide sales to a record 926,400 vehicles.

Airbus, the European jet-manufacturing joint venture, increased its worldwide market share to 46 percent from 44 percent, further squeezing the market leader Boeing Co. DASA, DaimlerChrysler's defense and aerospace unit, holds a 37.9 percent stake in the venture and received 5.8 billion DM in sales from the stake last year.

DaimlerChrysler said about 81,000 U.S. employees would receive profit-sharing payments averaging \$7,400, up 61 percent from the average payment for 1997 but below 1994's record of \$8,000.

Thomas Stalkamp, president of DaimlerChrysler, said more than 19,000 management and professional employees would be eligible for profit-sharing payments under the same formula.

LVMH Files Suit to Fight
Gucci's Resistance Effort

Compiled by Our Staff From Dispatches

PARIS — LVMH Moët Hennessy Louis Vuitton SA, the world's No. 1 luxury-goods company, said Thursday it was suing Gucci Group NV after the Italian fashion house used share options to try to fight the French company's growing control over Gucci.

LVMH said the suit, filed in Amsterdam, should be heard next week.

The company seeks to suspend the voting rights tied to each of the shares in Gucci's employee trust fund and to retain its 34.4 percent stake in Gucci.

It was the latest move in a battle of wits between LVMH's chief executive, Bernard Arnault, and Gucci's chief executive, Domenico de Sole, who is a Harvard-educated lawyer. Gucci has become increasingly attractive, with its profit having

risen tenfold since 1994. "It's very difficult to say which way this will go," said Cedric Magnolia, an analyst at Credit Suisse First Boston in London.

Gucci last week issued share options in an employee trust fund to dilute LVMH's stake in the company and prevent LVMH from naming a candidate to the Italian company's board without making a full takeover offer for Gucci.

In a statement calling Gucci's plan to issue extra shares to its employees a "poison pill," LVMH said it had asked the Amsterdam court "to suspend voting rights on shares issued by Gucci to the benefit of a foundation allegedly created for employees and allegedly managed by them."

LVMH's shares closed at 202 euros (\$222.20), up 5, while Gucci slipped to 63.00 euros, down 0.05. (Bloomberg, Reuters)

EU Discounts Hope
Of an Early Accord

Bloomberg News

BONN — European Union leaders sought Thursday to damp expectations they would reach an accord Friday on overhauling financing, regional aid and farm policies.

As negotiations over cuts in the EU's costly farm-support programs headed for a fifth day, German Chancellor Gerhard Schröder portrayed the summit meeting in Bonn as little more than a first exchange of views on revamping the 15-nation bloc's budget of 85 billion euros (\$93.5 billion). He urged other leaders to limit public statements to generalities so as not to spoil the talks. The goal, he said in a letter, "isn't to make final decisions but to discuss possible options and compromises as part of an overall package."

Germany, the holder of the EU's rotating presidency, said its new 11-nation currency, the euro, would slide further unless the EU reached an agreement by its self-imposed budget deadline of the end of March.

Endesa's Bid
For Enersis
Is Stymied

Bloomberg News

MADRID — Endesa SA's shares fell Thursday after Spain's largest power company lost a bid to control Enersis SA, Chile's biggest utility holding company.

Enersis shareholders blocked a \$1.5 billion offer late Wednesday that would have let Endesa double its 32 percent stake.

The shareholders refused to increase the maximum amount an investor can own in Enersis, dashing Endesa's hopes of taking over Enersis to make it the vehicle for its Latin American expansion.

"We were surprised by the outcome of the vote," said Ramon Ollerias, a fund manager at AB Asset, a brokerage in Madrid. "It's very bad news for Endesa."

Changing the bylaws was the last resort in Endesa's 18-month fight for control of Enersis, a company valued at \$3.5 billion that owns power companies in Chile, Argentina, Brazil, Peru and Colombia.

Endesa has poured \$1.3 billion into Enersis since September 1997 to gain control, only to be foiled by opposition from Enersis executives and small shareholders that own part of Enersis. Because the bylaw change had faltered by just a small margin, some analysts in Madrid predicted that Spain's leading utility would not give up the battle yet.

The company is expected to keep its Enersis stake. It would lose money if it sold now because Enersis shares have plunged 30 percent since Endesa bought the stake as the recession in Asia and currency turmoil spread to markets in Latin America. Endesa's shares closed at 23.82 euros (\$26.20), down 1.10 euros.

Telefonica's Bid in Brazil

Telefonica SA said it expected to make provisions of 119.37 billion pesetas (\$785.5 million) this year to cover its investments in Brazil, news agencies reported from Madrid.

The former state-controlled monopoly purchased key parts of Telecomunicações Brasileiras SA, or Telebras, the Brazilian telephone monopoly.

That company was privatized last July. (Reuters, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
6000	6100	4400
5500	5800	4100
5000	5500	3800
4500	5200	3500
4000	4900	3200
3500	4600	2900
1998	1998	1998
SON O J F	SON O J F	SON O J F
Exchange Index	Thursday Close	Prev. Close
Amsterdam ASE	534.81	538.84
Brussels BEL-20	3,404.84	3,405.25
Frankfurt DAX	4,968.58	5,062.31
Copenhagen Stock Market	607.24	611.71
Helsinki HEX General	6,094.26	6,141.27
Oslo OBX	522.84	528.86
London FTSE 100	6,206.50	6,307.60
Madrid Stock Exchange	882.29	906.14
Milan MIBTEL	2401.7	2452.0
Paris CAC 40	4,152.56	4,213.70
Stockholm SX 16	4,121.34	4,188.55
Vienna ATX	1,176.12	1,179.64
Zurich SPI	4,487.86	4,557.99

Source: Reuters. Invoiced by Reuters.

Very briefly:

- The Confederation of British Industry said domestic demand, exports and expected output improved in February and predicted that Britain's economy would avoid a recession. The report reinforced expectations that the Bank of England will keep interest rates steady next month.
- Elf Aquitaine SA said profit fell 37 percent in 1998 from a year earlier, to 540 million euros (\$594 million), after oil prices plunged to 12-year lows and margins narrowed on production of chemicals.
- Luftansa AG, Europe's second-largest air carrier, expects pilots to approve a plan to raise staff wages by 3.5 percent, a move it said would cost it an estimated 200 million to 255 million euros (\$221 million to \$281 million).
- ABN-AMRO Bank NV's provisions for loan losses in emerging markets jumped 72 percent in 1998, to 2.07 billion guilders (\$1.03 billion), and net income rose 4.5 percent, to 4.03 billion guilders, as financial crises in Russia and Brazil hit second-half earnings.
- The Netherlands' economy surged 1.2 percent in the fourth quarter as higher consumer spending helped the fifth-biggest euro-zone economy escape Europe's slowdown. The gain brought 1998 growth to 3.7 percent, the highest since 1990.
- The Birmingham Alliance, formed by Hammerson PLC, Land Securities PLC and Henderson Investors Ltd., announced that the three companies were pooling their central Birmingham property holdings for what it described as Europe's largest city-center retail regeneration project.
- Switzerland's highest court ruled against the Budweiser beer brewed by Anheuser-Busch Cos. of the United States in a battle over trade names, according to a report in the Zurich weekly Cash.

Bloomberg, Reuters, AP

WORLD STOCK MARKETS

Thursday, Feb. 25

Prices in local currencies

in euros for EMU countries

Tel Aviv

High Low Close Prev.

Amsterdam

ASEX Index: 534.81

Prev.: 538.84

ABN-AMRO

19.15 18.30 18.45 18.95

Alcatel

35.35 35.05 35.15 35.50

Alrosa

44.45 44.25 44.35 44.80

ASR

72.45 71.80 72.00 72.10

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High Low Close Prev.

Frankfurt

DAX Index: 4,968.58

Prev.: 5,062.31

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High Low Close Prev.

Johannesburg

All Share Index: 29,121.20

Prev.: 29,121.20

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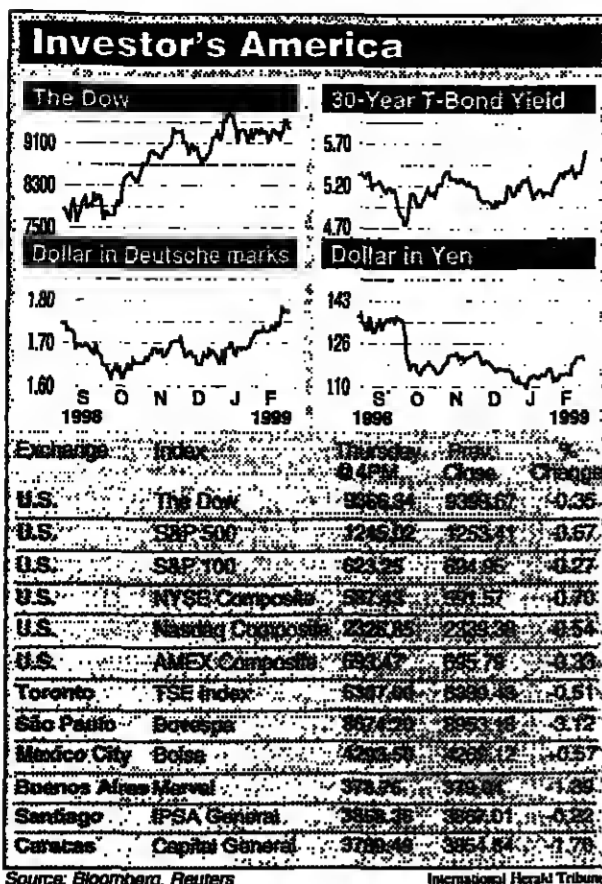
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THE AMERICAS



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NASDAQ

Thursday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	124.75	1,200,000
Microsoft	55.25	54.75	55.00	54.75	1,100,000
Apple	45.25	44.75	45.00	44.75	1,000,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000

Stock	High	Low	Open	Close	Volume
Microsoft	55.25	54.75	55.00	54.75	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

Stock	High	Low	Open	Close	Volume
Microsoft	55.25	54.75	55.00	54.75	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

Stock	High	Low	Open	Close	Volume
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IBM	125.25	124.75	125.00	124.75	1,200,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
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Intel	6.25	6.00	6.10	6.00	300,000
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Yahoo	15.25	14.75	15.00	14.75	700,000
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Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

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Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

AMEX

Thursday's 4 P.M. Close
The 150 most traded stocks of the day
up to the closing on Wall Street.
The Associated Press

Stock	High	Low	Open	Close	Volume
Microsoft	55.25	54.75	55.00	54.75	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

Stock	High	Low	Open	Close	Volume
Microsoft	55.25	54.75	55.00	54.75	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

Stock	High	Low	Open	Close	Volume
Microsoft	55.25	54.75	55.00	54.75	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000
Amazon	35.25	34.75	35.00	34.75	900,000
Google	25.25	24.75	25.00	24.75	800,000
Yahoo	15.25	14.75	15.00	14.75	700,000
Oracle	10.25	10.00	10.10	10.00	600,000
Sun	8.25	8.00	8.10	8.00	500,000
HP	7.25	7.00	7.10	7.00	400,000
Intel	6.25	6.00	6.10	6.00	300,000
Motorola	5.25	5.00	5.10	5.00	200,000

NYSE

Thursday's 4 P.M. Close
(Continued)
High Low Stock Day's PE High Low Last Change

High	Low	Stock	Day's PE	High	Low	Last	Change
125.25	124.75	IBM	12.5	55.25	54.75	Microsoft	11.0
35.25	34.75	Amazon	9.0	25.25	24.75	Google	8.0
15.25	14.75	Yahoo	7.0	10.25	10.00	Oracle	6.0
8.25	8.00	Sun	5.0	7.25	7.00	HP	4.0
6.25	6.00	Intel	3.0	5.25	5.00	Motorola	2.0

High	Low	Stock	Day's PE	High	Low	Last	Change
125.25	124.75	IBM	12.5	55.25	54.75	Microsoft	11.0
35.25	34.75	Amazon	9.0	25.25	24.75	Google	8.0
15.25	14.75	Yahoo	7.0	10.25	10.00	Oracle	6.0
8.25	8.00	Sun	5.0	7.25	7.00	HP	4.0
6.25	6.00	Intel	3.0	5.25	5.00	Motorola	2.0

High	Low	Stock	Day's PE	High	Low	Last	Change
125.25	124.75	IBM	12.5	55.25	54.75	Microsoft	11.0
35.25	34.75	Amazon	9.0	25.25	24.75	Google	8.0
15.25	14.75	Yahoo	7.0	10.25	10.00	Oracle	6.0
8.25	8.00	Sun	5.0	7.25	7.00	HP	4.0
6.25	6.00	Intel	3.0	5.25	5.00	Motorola	2.0

High	Low	Stock	Day's PE	High	Low	Last	Change
125.25	124.75	IBM	12.5	55.25	54.75	Microsoft	11.0
35.25	34.75	Amazon	9.0	25.25	24.75	Google	8.0
15.25	14.75	Yahoo	7.0	10.25	10.00	Oracle	6.0
8.25	8.00	Sun	5.0	7.25	7.00	HP	4.0
6.25	6.00	Intel	3.0	5.25	5.00	Motorola	2.0

High	Low	Stock	Day's PE	High	Low	Last	Change
125.25	124.75	IBM	12.5	55.25	54.75	Microsoft	11.0
35.25	34.75	Amazon	9.0	25.25	24.75	Google	8.0
15.25	14.75	Yahoo	7.0	10.25	10.00	Oracle	6.0
8.25	8.00	Sun	5.0	7.25	7.00	HP	4.0
6.25	6.00	Intel	3.0	5.25	5.00	Motorola	2.0

High	Low	Stock	Day's PE	High	Low	Last	Change
125.25	124.75	IBM	12.5	55.25	54.75	Microsoft	11.0
35.25	34.75	Amazon	9.0	25.25	24.75	Google	8.0
15.25	14.75	Yahoo	7.0	10.25	10.00	Oracle	6.0
8.25	8.00	Sun	5.0	7.25	7.00	HP	4.0
6.25	6.00	Intel	3.0	5.25	5.00	Motorola	2.0

INTERNATIONAL INVESTING

Cramer, Stock Market Oracle, Stumbles With His Hedge Fund

By Joseph Kahn
New York Times Service

NEW YORK — As trading stocks become a national pastime, James Cramer, the tireless fund manager, market commentator and Internet entrepreneur, has scored a "hat trick," earning renown as the Wall Street equivalent of player, coach and owner.

As a player, though, he's been in a slump.

For Cramer-Berkowitz & Co., Mr. Cramer's high-flying, fast-trading hedge fund, 1998 was the worst year in a decade. Although the fund produced a positive return of 2 percent after fees for investors, it fell short of the total return on the Standard & Poor's 500-stock index by about 27 percentage points.

The bad year left Mr. Cramer trailing the benchmark index for the last five years, although he still beats it over 10 years.

Many other hedge funds did poorly in 1998 as well, including some, like Cramer-Berkowitz, that specialize in U.S. stocks.

But Mr. Cramer is not just another hedge-fund manager.

Cramer-Berkowitz manages about \$300 million on behalf of elite investors

who generally put up at least \$2.5 million to become partners in the all-star fund, known for its hybrid strategy of long-term stock-picking and hyperactive buying and selling.

Mr. Cramer is also one of the investment world's most prolific journalists, detailing his thoughts about the stock market online, on air, in print, often many times each day.

TheStreet.com, a World Wide Web-based financial news and analysis service he started, just announced an initial public offering that aims to raise \$75 million. (The New York Times Co., part owner of The International Herald Tribune, is the third-largest shareholder in TheStreet.com.)

Appearing regularly on CNBC's "Squawk Box" talk show about stocks and writing for national magazines as well as on his own Internet service, Mr. Cramer espouses active trading — he has described his own pace of buying and selling as manic — as a way of beating the market in good times and bad.

He has become an icon in the fast-expanding world of Internet day-traders, a group many analysts see as driving the market these days.

His columns regularly contain ex-

hortations like this one: "Moral: Never let a trade turn into an investment. But just because you are an investor, don't be afraid to trade. I am neither a trader nor an investor. I am an opportunist. You should be, too."

But last year Cramer-Berkowitz, which Mr. Cramer runs with Jeff Berkowitz, stumbled with their stock picks, the partners said in a letter to investors obtained by The New York Times.

It also suffered because many investors decided to withdraw money in October, when the fund's performance was deep in the red and world financial markets were shaky. The letter said the fund had to sell some good stocks at a bad time to return that money.

In the letter to investors, Mr. Cramer and Mr. Berkowitz said that redemptions were one factor hurting the fund. "We were also hit, at the worst possible time — the bottom of the 1998 market — with requests for redemptions," they wrote. "Our October opening forced us to sell stocks at precisely the time we would have been buying."

Several big investors have stood by Mr. Cramer. "There were many superb hedge funds that did not have a good year last year," said Martin Perez, pub-

lisher of The New Republic and a long-time Cramer partner. "Many have already recouped some of their losses in the first two months of this year."

Mr. Cramer declined to comment about the fund's performance. A lawyer for the hedge fund said that Securities and Exchange Commission regulations prohibit Mr. Cramer from commenting at this time.

As a result of last year's weak performance, Cramer-Berkowitz has strengthened its research department, the partners wrote. The hedge fund also sold many small company stocks in favor of big company stocks that make up the main stock market indexes.

The partners said they would not open the fund to redemptions as often as previously but did not provide specifics. Unlike mutual funds, which allow redemptions at any time, hedge funds may require an investment for six months, a year or more.

In his Web column for TheStreet.com entitled "Wrong!" Mr. Cramer deals more with day-to-day or even minute-to-minute market action than he does with long-term strategy.

He also keeps management of Cramer-Berkowitz separate from TheStreet.com.

Some columns that he wrote in the autumn, when his hedge fund faced the strongest headwinds, reveal Mr. Cramer's gloominess about unfavorable markets. But his writing does not flag a change in investment strategy at Cramer-Berkowitz or give a reader a sense of how far his trading strategy put him behind the market indexes.

He does complain, though, about how the near-collapse of Long-Term Capital Management LP, the hedge fund that was rescued by a consortium of Wall Street banks and brokerages houses in September, soured sentiment toward hedge funds in general.

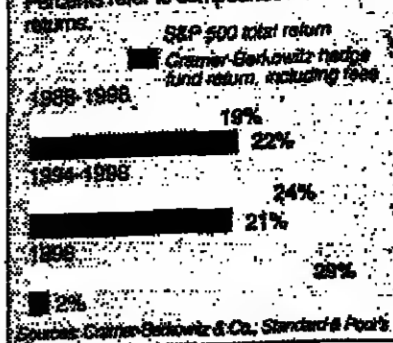
In one column he compared Long-Term Capital to the alarming Three Mile Island nuclear-plant accident in Pennsylvania two decades ago.

"The fallout in hedge fund land hurts those of us who run by hydro or natural gas or plain old No. 6 oil to generate solid returns," Mr. Cramer wrote in late September. "That's too bad, because what I do for a living has nothing to do with what the geniuses at Long-Term — and I use that term loosely — claimed to be doing, or were actually doing with investors' dollars."

Mr. Cramer has described his investing as taking two forms — classic value

Lost Year

Cramer-Berkowitz fell short of the S&P 500 last year and over the years, but it remains the better over the last decade. Percentages refer to compounded annual returns.



investing and shorter-term, trading-oriented transactions. While it is hard to track the results of Mr. Cramer's short-term trading, it is clear that big losses in several long-term stock holdings dragged down his performance last year.

According to documents filed with the SEC, Mr. Cramer's largest holding at the end of September was Bay View Capital, a San Francisco-based bank. But the 1.8 million Bay View shares the fund then owned, most of which were bought for more than \$30 a share, would now be worth about \$19 each.

As Stock Dives, Press One, Now, for Crossed Lines at Iridium

Washington Post Service

WASHINGTON — It has been a long, long fall and a harsh winter for stockholders of Iridium World Communications Ltd., the company based in Washington that has launched a network of satellites that can provide mobile phone service anywhere in the world.

Subscribers cannot make those calls unless they have Iridium phones, however, and the company is suffering from a shortage of phones that has delayed the recruitment of subscribers and exacerbated a drop in the stock that has cost investors more than \$6 billion.

In a little more than nine months, Iridium shares have fallen from more than \$72 to \$28.56 at the close of Wednesday trading on the Nasdaq Stock Market.

Slipping steadily since the first of the year, the stock hit what investors hope is the bottom at \$24 a share on Monday. It bounced back in the next two days as Wall Street analysts lined up to

reassure investors that the company's setbacks are only temporary.

The shortage of phones is a particular embarrassment because most of them are being made by Motorola Inc., the biggest portable phone maker in the United States. Motorola dreamed up the Iridium system and is one of its three big investors, along with Sprint Corp. and Lockheed Martin Corp.

Analysts say the shortage of phones means Iridium will not meet its goal of having 27,000 in use by the end of March and will fall short of its targeted 88,000 phones at the end of the first quarter and 173,000 by the end of the third.

More than just benchmarks, the targets are written into the terms of loans the company got from a group of big banks. Fear that the banks would restructure the loans and raise the interest rate has helped knocked down the price of the stock recently, analysts said.

Assuring investors that the banks are not

putting the pressure, a Salomon Smith Barney analyst, John Coates, reiterated his "buy" rating on the stock Tuesday.

"Iridium has simply not had enough time to attract subscribers," he said. "Delays in handset availability have stifled Iridium's ability to enlist subscribers, but do not, in our opinion, indicate that there's insufficient demand for the service."

As big as a brick, with a stubby antenna, the phones cost about \$3,400 and call run \$3 to \$7 a minute. That is a general improvement over old-style satellite phones, which are the size of a laptop computer, have an antenna that has to be aimed precisely and cost about \$3,000.

Journalists, explorers, globe-trotting business executives, disaster relief workers and government officials are obvious target markets. But are there the millions of customers who will be needed for Iridium to make money? Analysts insist there are.



Very briefly:

• The U.S. Securities and Exchange Commission will intervene more forcefully when independent directors of mutual funds challenge practices by the funds' investment advisers, said the SEC chairman, Arthur Levitt. The commission also plans to review fees that exchanges charge for stock quotes, following complaints by on-line brokerages that said recent fee increases had hurt them disproportionately.

• Credit Suisse First Boston Ltd., the Australian branch of the worldwide banking, investment and insurance provider, has signed a letter of intent to merge with Queensland state-based Henderson Charles Jones Ltd. The new firm, to be called Credit Suisse First Boston Australia Equities Private Ltd., will merge the private clients of both companies in the states of Queensland, New South Wales and Victoria.

• SmithKline Beecham PLC said it would seek permission from shareholders at its annual meeting to buy back up to 10 percent of its issued share capital on the open market.

• Montenegro may have at least five privatization funds soon after the coastal republic switched to vouchers to complete privatization of its economy, a leading Montenegrin economist said. "In the next 10 days we expect first applications for establishing privatization funds," said Veselin Vukotic, architect of the privatization program.

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Despite GDP, Singapore Still Gloomy

Compiled by Our Staff From Dispatches

SINGAPORE — Singapore's economy shrank at half the expected pace in the fourth quarter, but the economy of the island nation remains vulnerable to the economic troubles of its trading partners, the government said Thursday.

Gross domestic product contracted 0.8 percent in the fourth quarter, the Ministry of Trade and Industry said, revising an estimate of a drop of 1.5 percent that it made in December.

For all of 1998, the ministry said, the economy expanded 1.5 percent — its slowest rise in a decade — compared with a revised 8 percent advance in 1997. In December, the government unveiled preliminary 1998 GDP growth of 1.5 percent.

The ministry said in a statement that "forward looking indicators" had improved for Singapore, but that prospects would continue to "hinge on external circumstances." The statement added that "uncertainties and stress points remain," citing the situation in Latin America stemming largely from Brazil's devaluation of its currency, the real, this year.

The government's outlook for 1999 remains unchanged, as the ministry retained its forecast that the economy will either shrink 1 percent or expand by the same amount.

Consumer prices are expected to shrink as much as 1 percent in 1999, a second year of deflation. The consumer price index declined 0.3 percent in 1998, crimping profits as companies were unable to raise prices.

The slide in prices is battering company profits and making banks hesitant to make new loans, creating a spiral that may delay any rebound from Singapore's recession, its first in 13 years. That trend is mirrored in countries across Asia, as consumer prices in Hong Kong, China and Japan have declined as demand for goods fell.

(Bloomberg, AFP)



INDIAN BANK STRIKE — Workers demonstrating in Bombay on Thursday on the first day of a two-day walkout to press for higher wages. Nearly 1 million bank employees stayed off work.

Mitsubishi Electric Predicts Loss for Year

Bloomberg News

TOKYO — Mitsubishi Electric Corp., one of Japan's largest electronics makers, said Thursday it would not meet its earnings forecast for the year through March as Japan's weak economy hurts sales at home and the strong yen saps export earnings.

"Earnings will be much worse," said Wakasaburo Kondo, a spokesman for the company. "There's no way we can meet our forecast" of a 20 billion yen (\$164.4 million) in net profit, he said.

Mr. Kondo declined to comment on a report in the daily Nihon Keizai Shimbun, which said, without citing sources, that the company would post a loss of 40 billion yen. Another Mitsubishi Electric official, who

asked not to be identified, said the company will have to report a loss. Mitsubishi joins a growing list of Japanese exporters, including NEC Corp., Sony Corp. and Hitachi Ltd., that have been forced to cut their earnings because of the double blow of recessions in Japan and elsewhere in Asia, and the rising yen.

Yet the Tokyo-based maker of household electric appliances, elevators and semiconductors also has itself to blame for its weakening performance, analysts said. "The company hasn't yet come up with convincing measures to improve earnings," said Satoru Oyama, an analyst at ABN Amro Securities Japan. "I can't see its earnings recovering in the next two to three years."

Concern Over the Yen

New Credit Crunch Possible, Officials Say

Agence France-Press

MANILA — U.S. and Asian executives and regulators meeting at an Asia Society forum Thursday threw their support behind market reforms, but expressed concern that the renewed weakness of the Japanese yen could delay Asia's recovery from financial crisis.

"While our domestic credit crunch has eased," said Kim Ki-hwan, South Korea's ambassador at large for economic affairs, "we remain very concerned in the weakening of the Japanese yen — that it could aggravate the credit crunch in the region."

Central banks should strive for more openness, especially with "what is happening now when the weakening yen remains a bad omen for all countries in Asia," said Vichit Suraphongchai, chairman of Thailand's Kadanin Bank PLC.

The yen has weakened sharply from 112 per dollar on Feb. 3, to below the 121 level, pulling down other regional currencies. It was quoted at 120.60 to the dollar in Tokyo trading late Thursday.

The fall of the yen accelerated after officials from the Group of Seven leading economies failed to address the issue at talks last week in Bonn, with their silence seen as tacit endorsement of a weaker Japanese unit.

Analysts say further weakness in regional units could force up interest rates, sparking a new credit crunch. Many Asian economies are struggling to emerge from recession after being battered by the financial crisis sparked by the de facto devaluation of the Thai currency in 1997.

On the subject of Asian leader's commitments to economic liberalization, former President Fidel Ramos of the Philippines told delegates he did not see "any East Asian state turning its back on the financial and currency crisis has wrought."

While on East Asian states have followed Malaysia's plunge into capital controls, Mr. Ramos said, they are being compelled to undertake structural reforms to keep markets open and transparent.

Bandai Increases Its Loss Forecast

Bloomberg News

TOKYO — Bandai Co., Japan's largest toy maker, said Thursday it would lose four times more money this year than it had previously forecast as it disposes of inventory and streamlines unprofitable affiliates.

The company, best known for its Tamagotchi virtual pets, said it expected to post a net loss of 18.5 billion yen (\$152.1 million) for the year ending in March, 14 billion yen more than it had projected in September. It changed its pretax profit forecast of 500 million yen to a prediction of a loss of 7.5 billion yen.

Bandai said its president, Takashi Mogi, would step down to take responsibility. Bandai shares closed Thursday at 1,350 yen, down 33.

Investor's Asia

Hong Kong	Singapore	Tokyo
Hong Kong	Straits Times	Nikkei 225
10000	1500	17000
9000	1400	16000
8000	1300	15000
7000	1200	14000
6000	1100	13000
5000	1000	12000
4000	900	11000
3000	800	10000
2000	700	9000
1000	600	8000
0	500	7000
1998	1998	1998
1999	1999	1999
Exchange	Index	Thursday
Hong Kong	Hong Kong	Close
Singapore	Straits Times	1,410.22
Sydney	All Ordinaries	2,904.80
Tokyo	Nikkei 225	14,470.45
Kuala Lumpur Composite		549.24
Bangkok SET		332.67
Seoul Composite Index		490.14
Taipei Stock Market Index		6,275.53
Manila PSE		1,945.91
Jakarta Composite Index		397.80
Wellington NZSE-40		2,190.35
Bombay Sensitive Index		3,261.29
Prev. Close		1,410.98
% Change		-0.05
		-0.01
		+0.80
		-0.70
		-1.04
		+0.14
		-0.58
		+0.61
		-1.04
		-0.72
		-0.19

Source: Teletel
Investment Herald Tribune

Very briefly:

- Hong Kong's levies on airlines may threaten its status as a regional hub, the chief operating officer of Cathay Pacific Airways said. Philip Chen said the new airport at Chek Lap Kok was the third most expensive in the world and charged 6 percent more than Hong Kong's old one.
- Hong Kong will see another year of negative growth and a further 25 percent drop in property prices, according to Nomura International, a Japanese securities house, which also said Hong Kong was losing out to Singapore partly because of a lack of leadership and vision in its government.
- Rio Tinto Ltd., the world's largest mining company, said in Sydney that net profit tumbled 42.6 percent in 1998, to \$700 million, as sales fell 2.3 percent, to \$9.2 billion.
- Long-Term Credit Bank of Japan Ltd. may not be fit to survive after the government trimmed almost 5 trillion yen (\$41 billion) in problem loans from its books, the bank's president said, adding that prospective buyers might want further scrutiny of the bank's loans.
- All Nippon Airways Co., Asia's second-largest airline, plans to cut spending on aircraft by 100 billion yen (\$822 million) over the next three years.
- Malayan Banking Bhd., the largest bank in Malaysia, said group net profit plunged 40 percent, to 277 million ringgit (\$72.9 million), last year as loan losses and provisions for further losses swelled.

AFP, Bloomberg

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WORLD ROUNDUP

Yankees and Nets Plan Merged Entity

The New York Yankees and the New Jersey Nets of the NBA have signed a letter of intent to merge the two teams into one company. The teams' current management will remain in place, with George Steinbrenner running the Yankees and Lewis Katz running the Nets, the teams announced Thursday.

The deal, which creates a holding company called YankeeNets, will enable the Yankees to gain better leverage in selling their local broadcast rights. Their \$486 million, 12-year contract with Cablevision Systems Corp.'s Madison Square Garden Network expires after the 2000 season. With the Yankees and Nets united, the company will have 12-month programming.

On the field and on the court, the accord is not expected to change anything. The deal is also subject to the approval of owners in Major League Baseball and the National Basketball Association. (AP)

2 World Records Tumble

ATHLETICS Two indoor world records fell in the space of seven minutes at an international athletics meet in Stockholm on Thursday.

First, Nicole Humbert of Germany broke the women's pole-vault record when she cleared 4.56 meters, bettering the previous mark of 4.55 meters set by Emma George of Australia in Adelaide last March.

Then Maria Mutola of Mozambique broke her own record in the 1,000 meters when she clocked 2 minutes, 30.96 seconds. That beat the time of 2:31.23 she set three years ago to the day at the same meet in Stockholm.

Mutola said, "I feel good, it's fantastic, but my legs are hurting." (Reuters)

IOC Member Fights Back

OLYMPICS Phil Coles, a member of the International Olympic Committee and a vice president of the Sydney bid, said Thursday that he planned legal action against the Salt Lake Organizing Committee for the 2002 Games after it made claims that he had behaved unethically. Coles has denied that a 1995 visit to a Utah ski resort was improper. The organizing committee said it would produce air-travel vouchers, courtesy notes and lodging reservations as evidence that bid supporters had lavished favors on Coles. (AP)

6 Red Cards And Plenty Of Fireworks As Cup Opens

Compiled by Our Staff From Dispatches

RIO DE JANEIRO — South America's Libertadores Cup began in earnest with a flurry of players being sent off and a fireworks almost causing the suspension of a game in Argentina.

Adriano Coria scored twice for Universitario of Peru and was shown the red card for the way he celebrated the 2-1

WORLD SOCCER

victory Wednesday over Sporting Cristal of Peru. He was one of six players sent off.

Jose Luis Chilavert, the goalkeeper for Velez Sarsfield of Argentina, needed treatment after a fireworks landed by him when his team scored in the 1-1 Group 2 draw with River Plate.

Crowd violence is an issue in Argentina, where the lower divisions have been suspended by a court order because of fan behavior and first division players have gone on strike in national competitions in solidarity.

ENGLAND Tottenham advanced to the last eight of the FA Cup with a 2-0 victory over visiting Leeds in a replay Wednesday.

David Ginola, Tottenham's French winger, carried his team to victory with a 15-minute burst of inspired play early in the second half. Ginola set up the first goal for Darren Anderton with a quick free kick. The Englishman hammered a swerving shot from 30 meters (100 feet), which hit the inside of the post and flew into the goal. Ginola added the second with a volley from 20 meters and twice hit a post after dazzling dribbles.

In other cup replays, Newcastle, last season's losing finalist, triumphed, 1-0, at Blackburn, and Derby came from behind to down first-division Huddersfield, 3-1, at Pride Park.

Louis Saha, a French forward starting in place of the flu-stricken Alan Shearer, fired Newcastle's winner.

SPAIN Valencia beat Barcelona, the league leader and cup holder, 4-3, Wednesday to advance to the semifinals of the King's Cup, 7-5, on aggregate.

Two goals by Claudio Lopez and one by Miguel Angel Angulo gave Valencia a three-goal lead at halftime. Rivaldo and Oscar hit back early in the second half, and Gaizka Mendizola scored to steady Valencia. Ronald de Boer finished the scoring with Barcelona's third goal.

NETHERLANDS Igor Korneev had the lone goal as Feyenoord beat RKC Waalwijk, 1-0, to pad its lead in the Dutch league to six points. (AP, Reuters)



FLYING HIGH — Andy Hartmann of Switzerland glides above Ramsau, Austria, on Thursday in the jumping segment of the team combined event at the Nordic Skiing World Championship. Finland won the gold in the event that also includes a cross-country relay.

Predators Are Closing In A Playoff Place Is in Sight of Expansion Team

The Associated Press

The Nashville Predators gained ground on the Edmonton Oilers and Calgary Flames in the race for the final playoff spot in the Western Conference.

The Predators won, 2-1, in Dallas Wednesday night and moved within four points of the Oilers and Flames, who both failed to win.

Sergei Krivokrasov's goal with 28.6 seconds remaining lifted the Predators

NHL ROUNDUP

over the Stars in their second meeting in two nights. Dallas won, 4-3, the night before at Nashville in the home-and-home series.

Mighty Ducks 2, Oilers 1 Paul Kariya scored the game winner and added an assist as Anaheim won in Edmonton.

Sabres 2, Flames 2 Defenseman Jason Woolley assisted on the first goal and scored late in the third as Buffalo earned a tie in Calgary.

Coyotes 2, Capitals 1 Rick Tocchet and Keith Tkachuk scored first-period goals as Phoenix snapped a five-game losing streak and broke Washington's five-game home winning streak.

The Stars Fall Hard In Match-Play Event

12 of Top 20 Seeds Are Beaten in First Round

By Clifton Brown
New York Times Service

CARLSBAD, California — One by one, a stunning number of the world's best golfers were rudely dismissed from the premises. Ernie Els stood near the clubhouse wearing a wry smile that failed to hide his disappointment. Lee Westwood stalked out of La Costa Resort & Spa in a huff. Colin Montgomerie cleaned out his locker with his head down and spoke in hushed tones about his demise.

And in a poignant scene late Wednesday afternoon, three members of last year's U.S. Ryder Cup team were sitting in the locker room packing their bags: Mark O'Meara, Davis Love III, and Tom Lehman — all first-round losers.

Welcome to the Andersen Consulting Match Play Championship, which began and ended Wednesday for many of the game's marquee attractions. Five of the top 10 seeds were eliminated, and 12 of the top 20, including O'Meara (No. 3), Love (No. 4), Westwood (No. 5), Montgomerie (No. 6) and Els (No. 7). Every one expected upsets. But hardly anyone expected this many, this quickly.

By nightfall, 18 of the 36 first-round matches had been won by lower-seeded players, leaving the top-seeded survivors in a stronger position. Tiger Woods (No. 1), David Duval (No. 2), Vijay Singh (No. 8), Nick Price (No. 9), and Justin Leonard (No. 10) all managed to advance. Considering the day's unexpected events, all of the winners were relieved.

"I'm not going to lie, I'm happy to have progressed past the first day," said Duval, who won a difficult match over Stephen Lejaney, 2 and 1 — or 2 holes ahead with one to play. "You are facing a week where you could be beat very easily. When you put No. 64 next to a player and No. 1 next to another, it visually creates a wider gap than there actually is. In this type of format, you can easily get ousted."

It was lonely and dangerous at the top, as everyone saw the beauty and the beast of match play. The first event in the new World Golf Championship series sent many of the pre-tournament favorites scrambling to make unexpected plane reservations.

O'Meara was beaten by Michael Bradley, 4 and 2. Love was defeated by Steve Pate, 1 up (meaning the match was decided on the last hole). Westwood suffered a stunning 3-and-2 loss to Eduardo Romero of Argentina, a player who was without a victory on the European tour last year. Montgomerie suffered another disappointment in a premier event when he was whipped by Craig Stadler, 5 and 3. And Els, the two-

time U.S. Open champion who won the Nissan Open on Sunday, bogeyed No. 18 and lost to Paul Azinger, 1 up.

For Els, it was a difficult change of fortune. Three days earlier, he was celebrating an impressive victory, holding off Woods and Love down the stretch Wednesday, he tried to explain his loss, and prepared to check out of his hotel.

"I don't want to take anything away from Paul, because he did what he had to do," said Els. "But I had opportunities and I didn't take them. I didn't play near to the level that I wanted to. I came off such a high last week, but I just wasn't sharp. Mentally, I was awful. I wanted to do well here, and it's a disappointment."

With the match even, Els missed a 12-foot putt for birdie at No. 17 that could have put him 1 up. Then at the par-4 No. 18, Els hit a poor tee shot into the rough, followed by a short approach shot and a mediocre wedge shot that landed 15 feet past the pin just off the green. After Azinger lagged his 35-foot (11-meter) putt for birdie to within two feet, Els conceded par to Azinger, leaving Els with his 18-foot putt to keep the match alive. But Els barely missed the putt, and Azinger breathed a sigh of relief.

"I thought it was in," Azinger said of Els's final putt. "Neither one of us really played that great. He wasn't on his game, and I was able to slip in there."

At least Els took his match to the last hole. Montgomerie was dominated by Stadler, the 1982 Masters champion, who took obvious pleasure in winning. The Stadler-Montgomerie match became tense on No. 13, when Stadler refused to concede. Montgomerie's three-and-a-half foot putt for par. Montgomerie made the putt, but he was not happy, and Stadler didn't care.

"There is no love lost in match play," said Stadler, who was to face John Hinson on Thursday. "You've got to make that putt to stay in the match. He can glare at me, I wouldn't give it to anybody else. Doesn't bother me."

The most anticipated opening-round match was not that close, as Woods defeated Nick Faldo, 4 and 3. The most bizarre moment of that match occurred on No. 14, when a cellular phone rang as Faldo was in his downsowing on his tee shot. Faldo flinched, and his pop-up shot hit a tree, and landed only about 70 meters in front of the tee. But Faldo was already 3 down at that point, and he simply did not play well enough to threaten Woods.

"It's nice to get a win under your belt, especially when you beat a true champion such as Nick Faldo," Woods said. "I hit a lot of good shots at crucial times."

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SPORTS

Rodman Comes and Harris Goes

On Rebounder's First Day With Team, Lakers Give Up on Coach

By Frank Litsky
New York Times Service

NEW YORK — The signing of Dennis Rodman has become only the start of the remodeling of the disappointing Los Angeles Lakers.

Wednesday, less than 24 hours after the Lakers signed the eccentric rebounding star, they dismissed Del Harris in his fifth season as their head coach.

The coaching change was not surprising, especially because Harris had a reputation for being too easy on his players.

Last season, the Lakers reached the Western Conference finals, where they were swept by the Utah Jazz. With the demise of the Chicago Bulls, the Lakers were expected to be championship contenders in this lockout-shortened season, but they are floundering.

Their record is 6-6. In their last three games, all on the road, they lost to the Seattle SuperSonics on Sunday, the Denver Nuggets on Monday and the Vancouver Grizzlies on Tuesday. Before Denver played the Lakers, the Nuggets had a 1-8 record. Vancouver had not beaten the Lakers in 12 meetings.

Still, Jerry West, the Lakers' vice president for basketball operations, said "I wouldn't exactly say we were floundering."

West said he was not sure who would replace Harris. He said that Bill Bertka, a longtime assistant, would take over for Thursday night's game against the Los Angeles Clippers in Anaheim, California. West said that he would then choose Kurt Rambis or Larry Drew to be the coach for the rest of the season. Both are Lakers assistant coaches and former players.

Harris was in his 14th season as a head coach in the National Basketball Association, following four seasons with the Houston Rockets and five with the Milwaukee Bucks. At the age of 61, he has a 556-461 record. He was 224-116 with the Lakers and had improved their

regular-season record in four consecutive years.

"The thing that makes it so awkward is that Del has been a friend for many years," said West. "The direction of a team is very important. We do feel like we have the talent here. I just feel the last two games we've played have not been acceptable."

As recently as Tuesday night, Shaquille O'Neal said that Harris was not at fault for the team's poor play. Predictably, the guard Nick Van Exel, traded after last season from the Lakers to Denver, disagreed.

"It's kind of unfortunate that a good guy like Del is blamed for our lack of cohesion, our lack of effort, our lack of energy," O'Neal said. "However, one reason I came here is because of my faith in upper management."

Van Exel, who never got along with Harris, called the coach "a cancer on the Lakers."

The Lakers' new coach may face other kinds of problems with Rodman, whose ability is unquestioned because he has been the NBA's leading re-

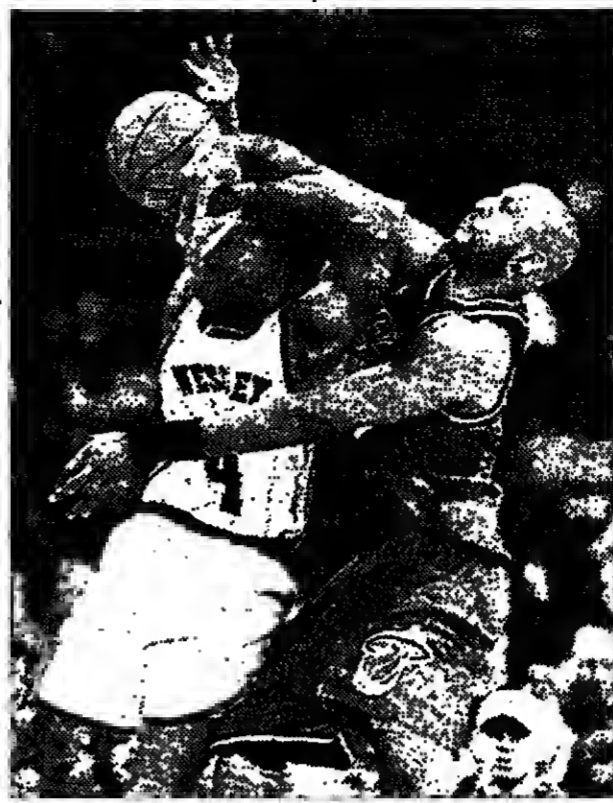
bounder in each of the past seven seasons. But nightly changes of his hair color aside, the 37-year-old Rodman has a well-publicized history of challenging team rules.

He has shown up late for practice. He has head-butted a referee. He has kicked a photographer in the groin. He has worn a dress at a book signing. He sat out the start of this season while tending to personal chores, such as finishing work on a movie.

Wednesday's schedule was typical Rodman — a Lakers practice in the afternoon and the Grammy Awards at night.

He signed a one-year contract with the Lakers. But because they are over the salary cap, they could pay him only the veterans' minimum of \$1 million, and because the season was shortened and he has missed so many games he will earn less than \$500,000. His debut is scheduled for Friday night against the Clippers in Los Angeles.

At a news conference, Harris said that he had been looking forward to coaching Rodman.



Alonzo Mourning of the Heat, right, blocking a shot by David Wesley of the Hornets during Miami's victory.

Auburn Is Taught Lopsided Lesson

The Associated Press

Auburn, which has won a lot of lopsided games this season, found out what it's like to lose by a big margin.

Pat Bradley scored 23 points and Chris Walker added a career-high 21 as Arkansas stunned the second-ranked Tigers, 104-88, Wednesday night.

"When they got a double-digit lead, we couldn't come back," said Cliff Ellis, the coach.

COLLEGE BASKETBALL

Auburn coach, "I thought our shot selection was poor."

Auburn had been winning by an average of 23 points this season. The Tigers' only previous loss was at Kentucky, 72-62, on Jan. 20.

But Auburn (25-2, 13-2 Southeastern Conference), allowing only 59 points a game, could not contain the Razorbacks (20-8, 9-6).

No. 1 Duke 98, DePaul 64 In Chicago, Trajan Langston scored 25 points, Elton Brand had 20 points, 16 rebounds and 4 blocks and Duke (28-1) tied a school record with its 23rd successive victory.

No. 5 Maryland 77, Clemson 60 Steve Francis scored a career-high 32 points and Maryland set a school record for regular-season victories.

Francis also had five dunks, eight rebounds and six steals for the host Terrapins (24-4, 12-3 Atlantic Coast Conference).

No. 8 St. John's 73, Notre Dame 53 In New York, Tyrone Grant and Lavar Postell each scored 19 points as St.

John's kept alive its hopes for a share of the Big East regular-season title.

The Red Storm (23-6, 14-3) is tied with Miami for second place in the conference, one game behind Connecticut. Troy Murphy, a freshman, scored 23 points for the Fighting Irish (13-15, 7-10).

No. 10 Ohio St. 63, No. 16 Wisconsin 44 Scoonie Penn scored a career-high 30 points, including nine during the stretch, as Ohio State beat visiting Wisconsin.

Ohio State (22-6), which finished last in the Big Ten with a 1-15 record last season, improved its league record to 12-3 and locked up the No. 2 seed behind the champion, Michigan State.

No. 13 Kentucky 88, Vanderbilt 64 Seniors Wayne Turner, Scott Padgett and Heshimu Evans each scored in double figures in their final home game for Kentucky (22-7, 11-4 SEC). The Wildcats shot 53 percent from the field and held Vanderbilt (13-14, 4-11) to 33 percent.

No. 19 Florida 99, 5, Carolina 61 Kenyan Weekes hit four 3-pointers and Florida continued its late-season shooting surge.

Florida (19-6, 10-5 SEC) finished 17th for 35th behind the 3-point arc against visiting South Carolina (17-20, 2-13).

No. 20 Indiana 70, Illinois 64 Luke Recker scored 22 points, including back-to-back 3-pointers in the second half, as Indiana won at Illinois.

Indiana (21-9, 8-7) set a Big Ten record with its seventh overtime game this season.

Resurgent Nuggets Show Jazz How to Swing

The Associated Press

The Denver Nuggets, the NBA's worst team last year, got off to a 1-8 start this season. Then the Lakers and Jazz, considered two of the league's best clubs, went to Denver, and the Nuggets beat them both.

"I don't think it's strange," said Karl Malone, the Utah forward, after Denver's 97-87 victory on Wednesday night handed the Jazz only their second loss against nine victories.

The Jazz had things under control until Antonio McDyess, who had 24 points before fouling out with 4:35 left, and Nick Van Exel, who scored 21 of his 23 in the second half, led a comeback. Denver beat the Lakers on Monday.

Caitlin 191, Magic 79 Penny Hardaway was figid and Nick Anderson wasn't much better as Orlando was routed in Boston. Hardaway didn't score and Anderson had six points. The pair combined for 54 points the last time Orlando played the Celtics.

Pistons 89, Cavaliers 73 In just his second game back from a hamstring injury, Joe Dumars put in 26 points. Detroit has won three of four

after a five-game losing streak. Heat 91, Hornets 85 Miami extended its winning streak to seven behind Alonzo Mourning, who led a powerful inside game with 20 points and 17 rebounds in Charlotte. None of Miami's opponents has reached 65 points during the streak.

Trail Blazers 94, Nets 85 Portland won its fifth straight and handed host New Jersey its fifth successive loss as Walt Williams scored nine of his 22 points in the fourth quarter.

Spurs 99, SuperSonics 81 In San Antonio, David Robinson and Tim Duncan were unstoppable, combining for 47 points and 30 rebounds.

NBA ROUNDUP

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SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Orlando	8	2	250	GB
Atlanta	8	2	227	0
New York	7	2	200	0
Philadelphia	6	3	194	2 1/2
Boston	4	5	144	3 1/2
Washington	4	5	144	3 1/2
New Jersey	2	7	112	6 1/2

CENTRAL DIVISION

Indiana	6	3	277	0
Minnesota	6	3	247	1
Atlanta	6	3	247	1
Detroit	6	3	200	2 1/2
Cleveland	5	4	200	2 1/2
Toronto	5	4	190	3 1/2
Chicago	3	6	182	5 1/2
Charlotte	1	8	111	8 1/2

WESTERN CONFERENCE

NORTHWEST DIVISION

Utah	7	1	216	0
Minnesota	7	2	200	1
Portland	7	2	190	2 1/2
San Antonio	6	3	200	2 1/2
Vancouver	4	5	190	4 1/2
Oregon	4	5	173	4 1/2
Dallas	3	6	150	6 1/2

PACIFIC DIVISION

Portland	7	2	278	0
Seattle	7	2	256	0
Phoenix	7	2	250	1 1/2
L.A. Lakers	6	3	200	2 1/2
Golden State	5	4	190	3 1/2
Sacramento	5	4	185	3 1/2
L.A. Clippers	4	5	170	4 1/2

WEDNESDAY RESULTS

Orlando	21	14	29	27	Utah
Boston	21	19	28	21	Utah
C. Austin	4	5	113	8	Pierce
Rebounds	Orlando 38	Utah 11	Boston 40	Utah 50	Orlando 16
(Key 14)	Austin-Orlando 16	Hardaway 15	Boston 12	Walker	Anderson 8

U.S. COLLEGE SCORES

WEDNESDAY RESULTS

12	19	28	25	84	Toronto
24	16	26	26	104	Indiana
22	28	22	22	110	22
22	28	22	22	110	22
22	28	22	22	110	22

LAKERS ROUNDUP

12	19	28	25	84	Toronto
24	16	26	26	104	Indiana
22	28	22	22	110	22
22	28	22	22	110	22
22	28	22	22	110	22

CRICKET

WEDNESDAY RESULTS

12	19	28	25	84	Toronto
24	16	26	26	104	Indiana
22	28	22	22	110	22
22	28	22	22	110	22
22	28	22	22	110	22

WEDNESDAY RESULTS

12	19	28	25	84	Toronto
24	16	26	26	104	Indiana
22	28	22	22	110	22
22	28	22	22	110	22
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WEDNESDAY RESULTS

12	19	28	25	84	Toronto
24	16	26	26	104	Indiana
22	28	22	22	110	22
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12	19	28	25	84	Toronto
24	16	26	26	104	Indiana
22	28	22	22	110	22
22	28	22	22	110	22
22	28	22	22	110	22

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Philadelphia	38	15	72	187	127
New Jersey	32	20	71	174	149
Pittsburgh	31	18	69	177	151
N.Y. Rangers	22	26	7	149	162
N.Y. Islanders	16	24	43	139	178

NORTHWEST DIVISION

W.L.T.P.	38	15	72	187	127
Philadelphia	32	20	71	174	149
Pittsburgh	31	18	69	177	151
N.Y. Rangers	22	26	7	149	162
N.Y. Islanders	16	24	43	139	178

SOUTHERN DIVISION

W.L.T.P.	38	15	72	187	127
Philadelphia	32	20	71	174	149
Pittsburgh	31	18	69	177	151
N.Y. Rangers	22	26	7	149	162
N.Y. Islanders	16	24	43	139	178

WESTERN CONFERENCE

CENTRAL DIVISION

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Philadelphia	32	20	71	174	149
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N.Y. Rangers	22	26	7	149	162
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APPRECIATION

Remembering Siskel

By Janet Maslin
New York Times Service

NEW YORK — It didn't take much to draw Gene Siskel into heated debate on some film-related matter. All you had to do was get him started. Then his enthusiasm took over, whether on the page, on television or after hours. I remember him gleefully backing Jack Valenti, president of the Motion Picture Association of America, into a corner one night at the Cannes International Film Festival about eight years ago, arguing tenaciously that a new NC-17 ratings category would be more useful than the old, onerous X. The only way Valenti could escape was by promising to continue the conversation at some later date.

It was no surprise that Siskel, whose death on Saturday at 53 came as a shock despite his very public illness, handled that encounter with courtesy as unwavering as his doggedness. In a profession not known for affability, he seemed the most gracious critic around. Even when engaging in critical fisticuffs with Roger Ebert, his friend and foil in a partnership that turned televised film criticism into such lively spectator sport, he showed a convivial ease.

In more than two decades since the Siskel and Ebert critical juggernaut began, film reviewing changed as dramatically as filmmaking did. These two public personalities became such celebrities in their own right that film studios placed full-page commemorative ads in Variety after Siskel's death.

He and Ebert led the way toward a more democratic critical universe. Their prominence came at a time when films were newly available on videotape and a new breed of

film awareness, not to say movie mania, swept into popular culture. With concise, thumb-pointing assessments and sharp disputes, they vastly outshined their imitators and set the tone for armchair film talk everywhere.

They made the most of this film fever while also recognizing its perils. As Siskel wrote memorably of one of his favorite films last year: "Bad News: Jonathan Demme's deeply moving 'Be-Loved,' a tribute to generations of African-American women who survived slavery, fell victim to the pointless hoopla surrounding weekend box office statistics that compared a three-hour slavery drama with a 97-minute horror picture ('Bride of Chucky')." A journalist should not argue for the withholding of information, but I'm against the release of box-office statistics. Oh, how I long for the good ol' days when cah drivers didn't ask me if I thought 'Waterworld' would ever break even."

Siskel, critic for The Chicago Tribune since 1969, will be remembered for his warm persona and for thumb-raising that could be eclectic despite his show's mainstream popularity. (His top five films of 1994: "Hoop Dreams," "Pulp Fiction," "Ed Wood," "32 Short Films About Glenn Gould," "Quiz Show.") And he, along with Ebert, must be admired for displaying courage and dignity throughout the nine months since Siskel underwent brain surgery yet did his best to carry on.

He was in top form only months ago when he said of Jerry Springer's lurid "Ringmaster": "In 30 years of reviewing movies I haven't used the word 'meadacious,' but that streak is now over."

A Struggle to Expose an Avant-Garde Talent

By Joan Dupont
International Herald Tribune

AMSTERDAM — Here they are — the erotic draped nudes, the surrealist self-exposures, and haute couture cover-girls floating alongside a hideous death-head collage of Hitler. Strange bedfellows, set in Amsterdam's Ashkenazi synagogue complex where the Jewish Historical Museum is exhibiting "A Fetish for Beauty — Avant-Garde Photography of Erwin Blumenfeld."

The exhibition, created at the Barbican Art Gallery in London by William Ewing (author of a book with the same title), has traveled to Zurich, Lausanne, Berlin and Paris. The Amsterdam opening was special, because this is where the cosmopolitan Blumenfeld, who was born in Berlin and died in Rome, began his life as a photographer.

"I don't think my father ever set foot in a synagogue," said Yorick Blumenfeld, "and he had a love-hate relationship with the Dutch." The photographer's youngest son contributed pictures from his own collection to the show, as did his brother, Henry, and his sister, Lisette. "Each city has focused on another aspect of our father's life. Amsterdam is the most important after Berlin because he spent 17 years here, and you can see that from the start, he was an artist."

The show, which runs until April 25, ends on a portrait of the artist in Amsterdam's red-light district, one of his mocking self-exposures. Red, he told Yorick, was a fitting color for someone who had prostituted himself to fashion and commerce.

In that savage tone, Blumenfeld chronicled his years of struggle and ascension in a 1969 autobiography ("Jadis et Demain" in French; to be published in English as "Eye to Eye" in 1997, a turn-of-the-century child reared in Berlin bourgeois comfort, he was handed his first camera at age 10.

Yorick related that his grandfather, an umbrella manufacturer, went insane with syphilis and died

bankrupt. "My father had to work as an apprentice instead of going to university."

A friend of the artists Oskar Kokoschka and Paul Citroen, Blumenfeld fell in love with Citroen's cousin Lena, who was from a Dutch Jewish family. An ambulance driver in World War I, he deserted the army to set up shop selling ladies' handbags on Kalverstraat, Amsterdam's chic shopping avenue.

He sent Tristan Tzara a self-portrait collage proclaiming himself president of the Dutch Dadaist movement.

The Dadaist made a miserable businessman, but he struck gold when he discovered a secret darkroom in the shop, complete with a camera and equipment to make enlargements. This is where he did his first experiments, multiple exposures, special effects with mirrors and ground glass; he worked like an alchemist to achieve surreal effects.

He concocted a dream-like vision, inspired by Roger van de Weyden's virgins, of a swooning woman, swathed in cloth. His wife and children were models; Tara Twain, a Hollywood actress, posed for his first published photo; for another there was Erika Mann, daughter of the writer, and Genevieve Rouault, daughter of the painter. He had his first show in 1932.

"The Dutch press blasted him," his son said, pointing to the reviews on exhibit. "They said he had no talent — it rolled right off him."

In 1933, when Hitler came to power, the photographer made a paste-up of the dictator — a skull-head, blood dripping from the eye sockets. (Two years later, the U.S. Air Force dropped flyers of the collage over Germany.) The rise of Hitler marked the end of his Dutch period; he liquidated the shop and left for Paris, without passport, money, or wife.

Genevieve Rouault introduced him to Parisian society. Blumenfeld had little love for Genevieve's father, Georges — "a prima donna"



Erwin Blumenfeld's "Self-Portrait," taken circa 1943.

who posed for him along with Bruno Walter, Francois Mauriac, Henri Matisse. He also photographed the artist Leonor Fini as a wood nymph and Carmelo Rodin's model for "The Kiss" in the nude as a dilapidated old woman.

"We were very poor because the French never paid," Yorick said, "but they took him seriously as an artist."

Cecil Beaton arranged for an in-

terview at Vogue, and in 1939, Blumenfeld did three Vogue portfolios of veiled beauties in striped organdies and duchess satins by Balenciaga, and the famous Tour Eiffel shot, with a model poised like a bird in flight, dressed by Lucien Lelong. "He poured all his knowledge of fashion and textiles from his early Amsterdam days into the portfolios."

Blumenfeld had just returned

from New York, where he clinched a contract with Harper's Bazaar, when war was declared. "Mother was fine because she was Dutch, but he was an enemy alien so we were confined to a kind of house arrest in 'Vezelay,'" his son said. "The kids threw stones and called me a spy's son, a dirty Jew. Once France was occupied, the Germans went after him because of those anti-Nazi photos." He was interned in a series of camps for foreigners and miraculously released.

The family got out through Marseille, but the ship, held up in Casablanca, was infested by rats and pestilence. The children fell sick; Yorick almost died of the plague.

Blumenfeld's "career really took off in New York," Yorick said. "Harper's embraced him and he became one of the highest-paid photographers in America."

Not a tall man, no beauty, the photographer had success with women. "I don't think he had relationships with the models," Yorick said.

Advertisers solicited him, as did friends like Elizabeth Arden and Helena Rubinstein, and companies like L'Oreal, but others turned away, finding him difficult and expensive. He had slack periods, dark moods.

Ever in control, Blumenfeld planned his own death on July 4, 1969. "He had been sick and he wanted to go fast. He provoked a massive heart attack." His son remembers him as "an amazing man, with charisma, wit and great natural intelligence."

Yorick said: "He could be heartless, quite focused on himself, yet looking back, he was an exceptionally capable father who had ambitions for all of us."

Lisette married an artist, Henry, is a physician; Yorick is a writer and editor at Thames and Hudson where he directs a collection, Prospects for Tomorrow. This spring, he is bringing out "The Naked and the Veiled," a book on Blumenfeld's nudes, "his finest, most original work."

PEOPLE

THE 23-year-old soul diva Lauryn Hill won five Grammys, a record for a female artist, with the first hip-hop recording to be named album of the year, "The Miseducation of Lauryn Hill," at the 41st Annual Grammy Awards ceremony in Los Angeles. Hill, whose album mixes rhythm-and-blues, gospel, pop and rap, also received a Grammy for best new artist. Hill's five Grammys surpassed by one the number won by Carole King for her "Tapestry" album in 1971. The two other top awards on Wednesday night went to "My Heart Will Go On," written by James Horner and Will Jennings and sung by Celine Dion, which won record of the year and song of the year. The song, from the unsinkable "Titanic" sound track, also won an award for best pop vocal performance. The other big winners were also female, including Alanis Morissette for best rock song and best female rock vocal performance for "Uninvited," and Shania Twain for best country female singer and best country song for "You're Still the One." Sheryl Crow's "The Globe Sessions" was

named best rock album. Madonna's "Ray of Light" best pop album, and the Dixie Chicks' "Wide Open Spaces" best country album. Eric Clapton received the award for best male pop vocal performance for "My Father's Eyes."

The scantily clad cast of "Baywatch" may not move to Australia after all. Surfers and citizens from a seaside suburb north of Sydney turned angrily against the producers of the popular life-guard TV show, telling them to leave their beach alone. The makers of the California beach series, which is seen in 147 countries, had hoped to change location to the small Australian community of Avalon to inject new life into the aging show. But at a near-riotous town hall meeting Wednesday night, residents shouted down the show's executive producer, Gregory Bonoan. "We will not go where we are clearly not wanted," said Bonoan, who bolstered the careers of the "Baywatch" stars Pamela Anderson and David Hasselhoff. The tour industry body, Tourism Council Australia,

reacted by saying, "Baywatch" should be encouraged to film here, given the tremendous exposure and jobs created as a result of the series being screened to more than one billion viewers."

Sir Evelyn Rothschild, the head of the banking dynasty, has separated from his wife. The 67-year-old banker, who is chairman of N.M. Rothschild & Sons, did not give reasons for the breakup of his 25-year marriage with Lady Rothschild, who was born Victoria Schott. The couple have two sons and a daughter.

The cartoonist Garry Trudeau returned this week to a favorite "Doonesbury" story line: sweatshop conditions at foreign factories that make goods for U.S. retailers. He cited specific manufacturers that have been sued for allegedly using forced labor and made one the butt of a joke about "spring colonial wear," but on Wednesday had to issue this correction: "The information I was given was inaccurate. Liz Claiborne and Ralph

Laureo were not included in the suit. I deeply regret this mistake and would like to apologize to both companies."

A court in Montpellier, France, has ordered the French rap singer Didier Morville to serve three months in jail for assaulting a flight attendant and breaking her nose. Morville, alias Joey Starr of the group NTM, attacked the woman in a hotel last year. The victim suffered damage to her face that kept her off the job for 12 days. NTM has already faced legal action for lyrics that urged violence against the police.

The director David Cronenberg, whose film "Crash" prompted both boos and raves at the Cannes film festival in 1996, will head the jury this year, the festival announced Thursday. "It's going to be intoxicating and thrilling," the Canadian filmmaker said. Cronenberg won the Grand Prize in 1996 for "Crash," which showed lovers getting their kicks from car crashes.



Lauryn Hill with her five awards, a Grammy record for a female singer.



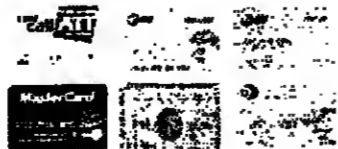
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